

Preface

This Report has been prepared for submission to the Governor under Article 151 of the Constitution of India.

Chapters 1 and 2 of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2011. Information has also been obtained from the Government of Punjab, wherever necessary. Chapter 3 on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

The Reports containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

Executive Summary

Background

To ensure prudence in fiscal management and to achieve fiscal stability in the State the Government of Punjab had enacted the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003. To improve the fiscal position and to bring fiscal stability, the Act envisages progressive elimination of the revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability.

The Thirteenth Finance Commission (ThFC) in its report has recommended a revised roadmap for Fiscal Consolidation for States and a Fiscal Consolidation Roadmap for the years 2010-11 to 2014-15 has been prepared for each state incorporating year-wise annual targets for revenue deficit, fiscal deficit and debt outstanding. The Act, as amended (March 2011), prescribed the following fiscal targets for Punjab State:

- a) reduce fiscal deficit as *per cent* of estimated Gross State Domestic Product (GSDP) from 3.5 *per cent* in the financial year 2010-11, to three *per cent* by 2014-15 and maintain the ratio thereafter;
- b) reduce the revenue deficit as *per cent* of estimated GSDP to bring it down to 1.8 *per cent* in the financial year 2011-12 and to zero *per cent* or surplus, in the financial year 2014-15 and maintain surplus thereafter;
- c) bring down debt as *per cent* of estimated GSDP to 42.5 *per cent* in the financial year 2010-11 and 38.7 *per cent* by 2014-15;
- d) cap the outstanding guarantees on long term debt to 80 *per cent* of the revenue receipts of the previous year. Guarantees on short term debt were to be given only for working capital or food credit in which case this must be fully backed by physical stocks.

The Report

Based on the audited accounts of the Government of Punjab for the year ended March 2011, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of the Punjab Government's fiscal position as on 31 March 2011. It provides an insight into the trends in receipts and expenditure, committed expenditure, borrowing pattern, fiscal imbalances etc, besides a brief account of central funds released directly to the State implementing agencies through off-budget route.

Chapter 2 is based on the audit of Appropriation Accounts and it gives the grant wise description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter 3 is report on the Punjab Government's compliance with various reporting requirements and financial rules. The report also has an appendage of additional data collected from several sources in support of the findings.

Audit findings and recommendations

Revenue receipts/expenditure of the State Government: Revenue receipts grew by 24.61 *per cent* during the year 2010-11. The growth of revenue expenditure was 20.03 *per cent* over the previous year. However, during the period 2006-11 while the revenue receipts grew at an annual average of 6.85 *per cent*, revenue expenditure grew faster at an average of 15.48 *per cent*, during the same period implying that unless addressed this fiscal imbalance could become acute in the coming years.

Funds released by the Central Government to State implementing agencies outside the State budget: During 2010-11, the Government of India released ₹ 1,617.15 crore to the State implementing agencies directly instead of routing through the State Budget, for implementation of various schemes/programmes. The Annual Finance Accounts do not capture the flow of these funds and to that extent, the receipts and expenditure of the State as well as other fiscal variables/parameters derived from them are understated.

Priority to capital expenditure: The Capital expenditure of ₹ 2,384 crore in 2010-11, increased by 10.06 *per cent* over the previous year; yet it fell short by 22.14 *per cent* when compared with the budget estimates and was 40.83 *per cent* lower than the level projected in fiscal consolidation roadmap for the State. Ratio of development expenditure (expenditure on social and economic services) to the aggregate expenditure during the year in respect of Punjab was 44.95 *per cent* against an average of 64.42 *per cent* for the General Category States. This shows that in the current year due priority has not been given to the capital expenditure. *It warrants appropriate action at Government's level to improve the capital expenditure.*

Government investments: As of March 2011, the total investment of Government of Punjab in statutory corporations, companies etc. was ₹ 3,832 crore. Though the State has been borrowing funds at the average rate of 7.72 to 8.46 *per cent* interest, the return on these investments during 2006-11, was negligible (0.01 to 0.05 *per cent*). *It would be advisable for the State Government to ensure better value for these investments.*

Low backup of liabilities by assets: The ratio of Financial Assets to Liabilities came down to 39.12 *per cent* in 2010-11 from 46.59 *per cent* in 2006-07 which indicates that most of the debt was spent for purpose other than asset creation. *Great care should be taken to utilize debt receipt for asset creation.*

Outstanding guarantees: The outstanding guarantees of ₹ 40,333 crore (as of March 2011) given by the Government were 182 *per cent* of the revenue receipts of 2009-10 against the norm of 80 *per cent* prescribed in the FRBM Act, 2003. The State Government has set up a Guarantee Redemption Fund,

but no amount was transferred to the fund during 2010-11. *The State Government need to give due priority to reduction of contingent liabilities and ensure proper monitoring and recovery of the outstanding guarantee fees as well as transfer of funds to the Guarantee Redemption Fund.*

Debt sustainability: During 2010-11, 20 *per cent* of the revenue receipts were used for payment of interest. Hence borrowed funds being 43.77 *per cent* of the total receipts were mostly used for redemption and servicing of past debts leaving only small fund for other purposes. *The Government need to restrict the borrowings and should use the borrowed funds as far as possible only to fund the capital expenditure.*

Increasing deficits: The revenue deficit, which indicates the excess of revenue expenditure over the revenue receipts increased to the level of ₹ 5,289 crore in 2010-11 as against a surplus of ₹ 2,023 crore in 2006-07. It shows that the revenue receipts were not enough to meet the burgeoning and structurally rigid revenue expenditure. As per FRBM (Amendment) Act, 2011, the State ought to have bring its revenue deficit to 1.80 *per cent* of GSDP by 2011-12 and finally bring it down to zero by the year 2014-15. Instead, the revenue deficit has been going up in each passing year. The fiscal deficit, which represents the total borrowing of the State and its total resource gap, increased from ₹ 612 crore in 2006-07 to ₹ 7,143 crore in 2010-11. Though the fiscal deficit at 3.12 *per cent* of GSDP in the current year was within the target of 3.50 *per cent* fixed by FRBM (Amendment) Act, 2011, this was achieved owing to low level of capital expenditure (₹ 2,384 crore) and increased capital receipts (₹ 7,919 crore). The primary deficit, which indicates the excess of primary expenditure over non-debt receipts (total expenditure net of interest payments), has increased to ₹ 1,628 crore in the current year from ₹ 1,159 crore in 2009-10.

Financial Management and Budgetary Control:

Savings: During the year 2010-11, there was a net saving of ₹ 4,693.42 crore (10.05 *per cent*). In 16 out of the 30 Grants, there was saving in excess of ₹ 100 crore or by more than 20 *per cent* of the budget provision.

Excesses/without budget provision: Excess expenditure of ₹ 1,828.96 crore under six grants and expenditure incurred without budget provision of ₹ 1,007.88 crore under nine grants relating to the period 2010-11 requires regularization by the State Legislature. Further, excess expenditure of ₹ 1,862.25 crore relating to the period 2007-10 also require regularization.

Supplementary provision/re-appropriations: Supplementary provision of ₹ 1,464.65 crore in 21 cases and re-appropriation of ₹ 168.78 crore in 42 cases proved to be unnecessary.

Budgetary control needs to be strengthened in all the Government departments. Budget estimates should be prepared with due care and on realistic basis so that there are no huge savings or excess over the estimates. Excess expenditure over provision during the previous years should also be got regularized.

Financial reporting:

Utilization Certificates: Against the grants released by the State Government during 2001-11 UCs in respect of grants amounting to ₹ 283.85 crore were outstanding as on 31 March 2011. Grant of ₹ 32.22 crore received from GoI was further disbursed to field units by the Department of Welfare of Scheduled Castes and Backward Classes. Of which, UCs for ₹ 30.66 crore were still awaited from the concerned field units. However, the entire amount was shown as utilized and UCs thereof were submitted by the head of the department to the GoI.

Detailed Contingent bills: DC bills in respect of funds withdrawn through 476 AC bills amounting to ₹ 449.32 crore were outstanding against the Controlling Officers of departments.

Accounts of Autonomous Bodies: As of March 2011 accounts of five autonomous bodies for the year 2009-10 were awaited. The Punjab Labour Welfare Board did not furnish its accounts since 2002-03.

Proforma Accounts: Punjab Roadways had not prepared its proforma accounts since 2001-02.

Creation of liabilities: Due to delay in release of funds to the Panchayati Raj Institutions/Urban Local Bodies as per recommendations of Twelfth Finance Commission, Thirteenth Finance Commission and under Backward Regions Grant Fund, State Government had created an interest liability of ₹ 3.80 crore thus putting extra financial burden on the State exchequer.

Misappropriation, Loss, Theft etc.: Final action by the State Government on 68 cases (₹ 1.23 crore) of misappropriations, thefts, losses etc. was awaited as on 31 March 2011.

Booking under Minor Head 800-Other Expenditure/Receipts: During the year 2010-11 an expenditure of ₹ 5,406.85 crore (15 per cent of total expenditure) and receipts of ₹ 1,431.95 crore (five per cent of total revenue receipts) were classified under Minor Head 800-Other Expenditure/Receipts. Hence, rendering the accounts opaque to that extent.

Non-deposit of receipts in the Consolidated Fund: Contrary to the financial rules revenue receipts of ₹ 7,667.13 crore were not deposited in Consolidated Fund of the State and were retained in various funds.

Internal control Mechanism in the Government Departments needs to be strengthened to watch the timely and correct submission of Utilization Certificates. All the departments may be directed to submit pending adjustment bills (DC bills) to Accountant General (A&E) as early as possible. Submission of pending accounts by Punjab Roadways should be got expedited. Departmental enquiries in cases of misappropriation and theft should be expedited and the control system be strengthened to prevent recurrence of such cases. It may also be ensured that all the revenue receipts are deposited to the Consolidated Fund of the State.

Chapter

1

Finances of the State Government

Profile of Punjab

Punjab is an agrarian State, with relatively higher literacy, higher life expectancy at birth and lower infant mortality as compared to the All India average (*Appendix 1.1*). Punjab has also the advantage of relatively less population below poverty line. During the period 2000-01 to 2010-11, the compound annual growth rate of GSDP in Punjab was lower (12.43 per cent) against the average rate of the general category States (14.68 per cent). However, population in Punjab has grown by 13.73 per cent during 2001-11, which is lower than growth rate of general category States (17.56 per cent).

1.1 Introduction

This chapter provides a broad perspective of the finances of the Government of Punjab during 2010-11 and analysis of the critical changes in major fiscal parameters relating to the previous year, keeping in view the overall trends during the last five years. The analysis has been made based on the State's Finance Accounts and information obtained from the State Government.

All receipts of the State Government are required to be accounted for in the Consolidated Fund of the State constituted under Article 266(1) of the Constitution of India. Expenditure therefrom is authorised by the State Legislature through Appropriation Act. Money so authorised by the Appropriation Act is spent as per provisions contained in the Punjab Financial Rules and the Departmental Financial Rules and instructions issued by the Finance Department from time to time. The Punjab Financial Rules contain the financial regulations of general nature issued by the Finance Department for the guidance of various offices and departments. The Departmental Financial Rules are the Rules relating to the Public Works and Forest Departments.

Apart from the above, in May 2003, the Government of Punjab enacted the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003 to ensure long-term financial stability by achieving revenue surplus, containing fiscal deficit and prudential debt management. Subsequently, in March 2011, the State Government amended the FRBM Act on the recommendations of Thirteenth Finance Commission and enacted FRBM (Amendment) Act, 2011. The salient features of the FRBM Act, 2003 (as amended upto March 2011) are given in *Appendix 1.2*. The structure of Government Accounts and the layout of Finance Accounts are shown in the *Box 1.1*.

Box 1.1

Structure of the Government Accounts

The accounts of the State Government are kept in three parts:

Part I: Consolidated Fund : All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund: Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.

Layout of the Finance Accounts

Statement No.	Subject
1	Statement of Financial Position
2	Statement of Receipts and Disbursements
3	Statement of Receipts in Consolidated Fund
4	Statement of Expenditure out of Consolidated Fund by function and nature
5	Statement of Progressive Capital expenditure
6	Statement of Borrowings and other Liabilities
7	Statement of Loans and Advances given by the Government
8	Statement of Grants-in-aid given by the Government
9	Statement of Guarantees given by the Government
10	Statement of Voted and Charged Expenditure
11	Detailed Statement of Revenue and Capital Receipts by minor heads
12	Detailed Statement of Revenue Expenditure by minor heads
13	Detailed Statement of Capital Expenditure
14	Detailed Statement of Investments of the Government
15	Detailed Statement of Borrowings and other Liabilities
16	Detailed Statement of Loans and Advances given by the Government
17	Detailed Statement of Sources and Application of funds for expenditure other than revenue account
18	Detailed Statement of Contingency Fund and other Public Account transactions
19	Detailed Statement of Investments of earmarked funds

1.2 Summary of the current year's fiscal transactions

Table 1.1 presents the summary of the Government of Punjab's fiscal transactions during the year 2010-11 vis-à-vis the previous year 2009-10. **Appendix 1.3** provides the details of receipts and disbursements as well as the overall fiscal position of the Government of Punjab as on 31 March, 2011.

Table 1.1: Summary of the current year's fiscal operations

(₹ in crore)

Receipts	2009-10	2010-11	Disbursements	2009-10	2010-11		
Section A: Revenue			Section A: Revenue		Non-Plan	Plan	Total
Revenue receipts	22156.58	27608.47	Revenue expenditure	27407.94	30576.46	2320.72	32897.18
Tax revenue	12039.48	16828.18	General services	15525.28	18536.78	60.95	18597.73
Non-tax revenue	5652.70	5330.17	Social services	6217.13	5687.78	1573.07	7260.85
Share of Union taxes/duties	2144.10	3050.87	Economic services	5218.62	5712.24	686.70	6398.94
Grants from Government of India	2320.30	2399.25	Grants-in-aid and Contributions	446.91	639.66	0.00	639.66
Section B: Capital			Section B: Capital				
Misc. Capital Receipts	0.50	0.45	Capital Outlay	2166.41	218.06	2166.03	2384.09
Recoveries of Loans and Advances	1276.02	597.45	Disbursement of Loans and Advances	28.84	68.40	0.00	68.40
Public Debt receipts*	7082.62	7321.36	Public Debt repayments*	2283.14	2339.87	0.00	2339.87
Contingency Fund	0.00	0.00	Contingency Fund	0.00	0.00	0.00	0.00
Public Account receipts	22047.45	27654.86	Public Account disbursements	20721.04	25836.98	0.00	25836.98
Opening Cash Balance	269.97	225.77	Closing Cash Balance	225.77	-118.16	0.00	-118.16
TOTAL	52833.14	63408.36	TOTAL	52833.14	58921.61	4486.75	63408.36

*Excluding net transactions under ways and means advances.

Source: Finance Accounts

1.2.1 Significant changes

Revenue receipts	<u>Increase over the previous year</u> Revenue receipts by 24.61 per cent Tax revenue by 39.78 per cent Share of union taxes/duties by 42.30 per cent Whereas Non-tax revenue decreased by 5.71 per cent	The State Government was in revenue deficit for the consecutive fourth year and fiscal deficit was 3.12 per cent of GSDP during the current year, as against 3.09 per cent of GSDP in 2009-10 which was within the ceiling of 3.50 per cent fixed by FRBM (Amendment) Act, 2011.
Revenue expenditure	Increased by 20.03 per cent over previous year Plan expenditure increased by 62.99 per cent Non-plan expenditure increased by 17.67 per cent	
Capital expenditure	Increased by 10.06 per cent over the previous year	
Public debt	Receipts increased by 3.37 per cent and disbursements increased by 2.50 per cent over the previous year	
Public account	Receipts increased by 25.43 per cent and disbursements increased by 24.69 per cent over the previous year	
Cash balances	Net cash balances decreased by 152.34 per cent over the previous year	

1.2.2 Assessment of the fiscal position

The norms/ceilings prescribed by the Thirteenth Finance Commission (ThFC) for selected fiscal variables and the commitments/projections made by the State Government in their FRBM Act and in other statements required to be laid in the legislature under the Act were used to make qualitative assessment of the trends and pattern of major fiscal aggregates. State Government prepared a fiscal consolidation roadmap for the state for the financial years 2010-11 to 2014-15 as per the recommendations of the ThFC (*Appendix 1.4*). Assuming that Gross State Domestic Product (GSDP) is a good indicator of the performance of the State's economy, the major fiscal aggregates like tax and non-tax revenue, capital and revenue expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current prices. The buoyancy coefficients for the relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess whether the mobilization of resources, pattern of expenditure etc. are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The trends in GSDP for the last five years are indicated in **Table 1.2**.

Table 1.2: Trends in Gross State Domestic Product (GSDP)

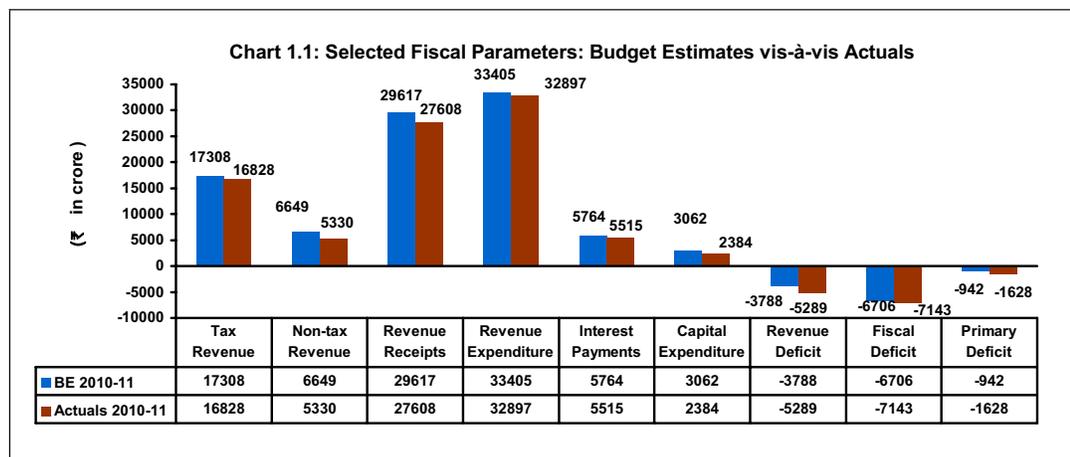
	2006-07	2007-08	2008-09	2009-10	2010-11
Gross State Domestic Product (₹ in crore)	126791 (R)	152772 (R)	175064 (P)	199459 (Q)	228754 (A)
Growth rate of GSDP	17.17	20.49	14.59	13.93	14.69

Source: Figures of GSDP as furnished by the Economic Adviser to Government of Punjab. R= Revised, P= Provisional, Q= Quick and A= Advance estimates.

1.2.3 Budget estimates and actuals

As per the State Budget Manual, the Finance Department is responsible for the preparation of the annual budget by obtaining material from the various departments to base its estimates. The departmental estimates of receipts and expenditure are prepared by Controlling Officers on the advice of the Heads of Departments and submitted to the Finance Department by the prescribed dates. The Finance Department then processes and consolidates the estimates and prepares the Budget Estimates.

The budgeted and figures of actuals under the various receipts and expenditure heads are given in *Chart 1.1 and Appendix 1.5*.



The revenue deficit, fiscal deficit and primary deficit of ₹ 5,289 crore, ₹ 7,143 crore and ₹ 1,628 crore increased by ₹ 1,501 crore (39.62 per cent), ₹ 437 crore (6.52 per cent) and ₹ 686 crore (72.82 per cent) respectively over the budget estimates of the current year. It was also noticed that the actual receipts under non-tax revenue and total revenue receipts decreased by ₹ 1,319 crore (19.84 per cent) and ₹ 2,009 crore (6.78 per cent) respectively. The capital expenditure decreased by ₹ 678 crore (22.14 per cent) over the budget estimates during 2010-11 which indicates that asset creation was not given as much priority as intended in the budget estimates. Variations in some of the tax and non-tax revenue heads are given in **Table 1.3**.

Table 1.3: Variation between the budget estimates and actuals

(₹ in crore)

S.No.	Revenue head	Budget estimates	Actual receipts	Variations increase (+) shortfall (-)	Percentage
Tax revenue					
1	Taxes/VAT on sales, trade etc.	9600.00	10016.91	416.91	4.34
2	State excise	2520.00	2373.08	-146.92	-5.83
3	Stamp duty and registration fees	2395.00	2318.46	-76.54	-3.20
4	Taxes on vehicles	645.00	653.91	8.91	1.38
5	Taxes and duties on electricity	980.00	1422.90	442.90	45.19
6	Land revenue	17.00	19.24	2.24	13.18
7	Other taxes and duties on commodities and services including entertainment tax	151.00	23.69	-127.31	-84.31
Non-tax revenue					
1	Road transport	110.00	150.39	40.39	36.72
2	Forestry and wild life	17.00	12.52	-4.48	-26.35
3	Interest receipts	143.00	169.37	26.37	18.44
4	Medium irrigation	150.00	2.46	-147.54	-98.36
5	Major irrigation	149.24	27.14	-122.10	-81.81
6	Crop husbandry	10.83	29.83	19.00	175.44
7	Miscellaneous General Services	5349.20	4277.23	-1071.97	-20.04
8	Police	71.00	61.89	-9.11	-12.83
9	Public works	21.00	21.30	0.30	1.43

Source: Finance Accounts and Annual Financial Statement

The actual receipts were more than the budget estimates by 175.44 per cent, 45.19 per cent, 36.72 per cent and 18.44 per cent in the case of crop husbandry, taxes and duties on electricity, receipts from road transport and

interest receipts respectively whereas the actual receipts were lower than the budget estimates by 20 per cent or more in the case of medium irrigation (98.36 per cent), other taxes and duties on commodities and services including entertainment tax (84.31 per cent), major irrigation (81.81 per cent), forestry and wild life (26.35 per cent) and miscellaneous general services (20.04 per cent).

The reasons for the variation as furnished by some of the departments are as follows: -

The Principal Chief Conservator of Forests, Punjab, stated (August 2011) that only 33,000 cubic metre of wood was transferred to Punjab State Forest Development Corporation during 2010-11 as against 72,500 cubic metre during 2009-10. As the said corporation was the main source of revenue of Punjab Forest Department, the revenue receipts decreased accordingly.

The Deputy Controller (Finance and Accounts), Directorate of Lotteries while giving reasons for decrease in receipts on account of miscellaneous general services stated that certain lottery schemes were discontinued due to implementation of Central Government Lottery (Regulation) Rules, 2010 w.e.f. 1st April 2010.

The State Transport Commissioner, Punjab, stated that increase in revenue under the head 'Taxes on vehicles' was due to the best efforts of the department and better fiscal management.

The Chief Electrical Inspector stated that the increase of 45.19 per cent in receipts on account of taxes and duties on electricity during the year 2010-11 was due to upward revision of electricity duty (from 10 to 13 per cent) and payment of arrears of electricity duty by Punjab State Power Corporation Limited.

The other departments did not intimate (December 2011) the reasons for variations in receipts when compared to the budget estimates.

The huge variations under many tax/non-tax revenue heads indicate that the budget estimates were not prepared with due care and/or the collection of revenue was not monitored closely. There is a necessity to review and streamline formulation of the budget for receipts so that the estimates and the actuals do not differ widely.

1.3 Resources of the State

1.3.1 Resources of the State as per the Annual Finance Accounts

Revenue and capital are the two streams of receipts that constitute the resources of the State Government. The revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the GOI. The capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from the GOI as well as accruals in the Public Account.

Table 1.1 presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts, while **Chart 1.2** depicts the trends in various components of the receipts of the State during 2006-11. **Chart 1.3** depicts the composition of resources of the State during the current year.

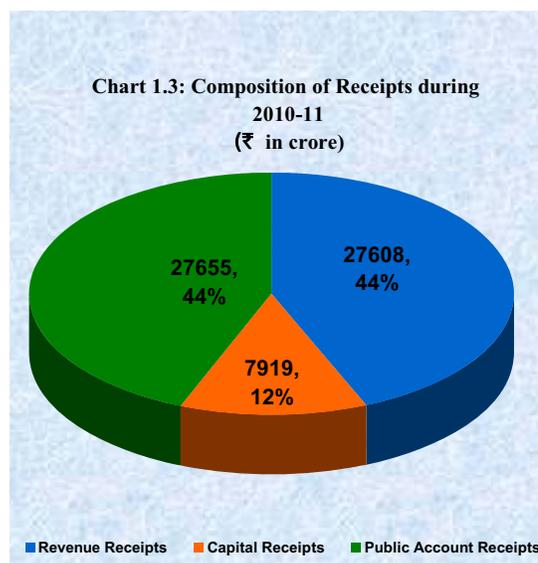
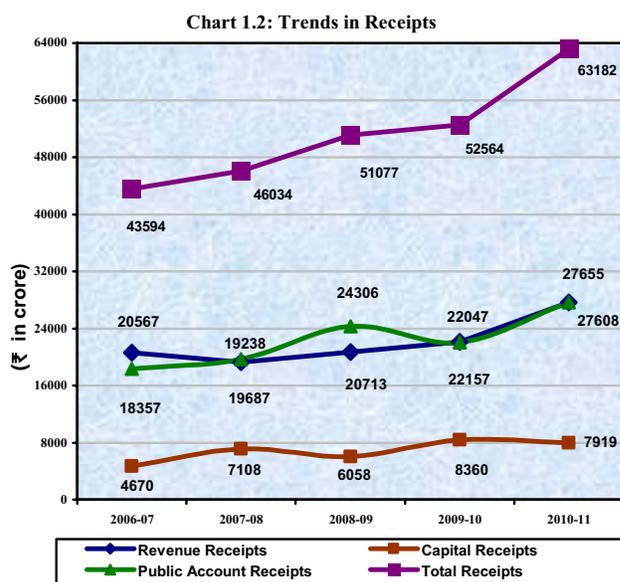


Chart 1.2 shows that out of the total receipts of ₹ 63,182 crore in the year 2010-11, the revenue receipts were ₹ 27,608 crore. The balance came from capital receipts and Public Account receipts. The total receipts of the State increased from ₹ 43,594 crore in 2006-07 to ₹ 63,182 crore in 2010-11.

Chart 1.3 shows that out of the total receipts of ₹ 63,182 crore, the Revenue receipts were ₹ 27,608 crore (43.70 per cent), Public Account receipts were ₹ 27,655 crore (43.77 per cent) and the Capital receipts of ₹ 7,919 crore accounted for 12.53 per cent.

1.3.2 Funds released to the State implementing agencies outside the State Budget

Huge funds are being released by Government of India directly to the implementing agencies in the State for various schemes/programmes in social and economic sectors instead of routing through State budget. During 2010-11, an amount of ₹ 1,617.15 crore (5.86 per cent of revenue receipts) was released by GoI directly to the implementing agencies (as detailed in **Table 1.4**). Thus, the Annual Finance Accounts do not capture the flow of these funds and to that extent, the receipts and expenditure of the State as well as other fiscal variables/parameters derived from them are understated.

Table 1.4: Funds released directly to the State implementing agencies

(₹ in crore)

S.No.	Programme/Scheme	Implementing agency	2010-11
1	Adult Education & Skill Development Scheme	State Literacy Mission Authority	15.61
2	Autonomous R & D Institution	National Agri-Food Biotechnology Institute	20.00
3	Central Rural Sanitation Programme	State Water And Sanitation Mission	11.16
4	DRDA Administration	District Rural Development Agency	13.49
5	Industrial Infrastructure Up gradation Scheme IIUS DIPP	Indian Tools Technology Centre	17.48
6	Mahatma Gandhi National Rural Employment Guarantee Scheme	District Rural Development Agency	128.79
7	Member Parliament Local Area Development Scheme	Deputy Commissioner Amritsar	34.00
8	National Food Security Mission	Sustainable Agriculture Development-Agency (SADA)	37.91
9	National Institute of Pharmaceutical Education & Research	National Institute of Pharmaceutical Education & Research	13.72
10	National Institute of Technology	Dr. Ambedkar National Institute of Technology	38.50
11	National Mission on Micro Irrigation	State Micro Irrigation Committee, Punjab	12.61
12	National Rural Health Mission (NRHM)	State Health Society	171.45
13	Pradhan Mantri Gram Sadak Yojana (PMGSY)	Punjab Roads and Bridges Development Board	196.43
14	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Rashtriya Madhyamik Shiksha Abhiyan Authority	188.25
15	Rural Housing- IAY	District Rural Development Agency	63.59
16	Sarva Shiksha Abhiyan (SSA)	Sarva Shiksha Abhiyan Authority	396.13
17	Scheme for Integrated Textile Park (SITP)	Rhythm Textile and Apparels Park Ltd.	20.00
18	Scheme for Setting up of 6000 Model Schools at Block Level as Benchmark of Excellence	Rashtriya Madhyamik Shiksha Abhiyan Authority, Punjab	28.74
19	Setting Up of New IITs	Indian Institute of Technology Ropar	25.34
20	Swaranjayanti Gram Swarozgar Yojana (SGSY)	District Rural Development Agency	13.90
21	Upgradation of 1396 Govt ITIs Through PPP	IMC Society of ITI (W) Nangal	15.00
22	Others		155.05
	Total		1617.15

Source: Controller General of Accounts' website

As these funds are not routed through the budget of State Government, the Annual Finance Accounts do not capture the flow of these funds and to that extent, the receipts and expenditure of the State as well as other fiscal variables/parameters derived from them are understated. Unless, there is proper documentation and timely reporting of expenditure to the State Government by the implementing agencies, it will be difficult to monitor the end use of these direct releases.

1.4 Revenue receipts

Statement 11 of the Finance Accounts details the revenue receipts of the State. The revenue receipts consist of the State's own tax and non-tax revenues, Central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts over the period 2006-11 are presented in *Appendix 1.6* and also depicted in **Charts 1.4** and **1.5**.

The trends in revenue receipts vis-à-vis Gross State Domestic Product (GSDP) are presented in **Table 1.5**.

Table 1.5: Trends in Revenue receipts

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Receipts (RR) (₹ in crore) of which	20567	19238	20713	22157	27608
Own Taxes	9017	9899	11150	12040	16828
Non-Tax Revenue	7744	5254	5784	5653	5330
Grants in aid from Government of India	2240	2110	1695	2320	2399
State's share of Union taxes and duties	1566	1975	2084	2144	3051
Rate of growth of RR (per cent)	21.22	-6.46	7.67	6.97	24.61
Rate of growth of Own taxes (per cent)	0.31	9.78	12.64	7.98	39.77
RR/GSDP (per cent)	16.22	12.59	11.83	11.11	12.07
Buoyancy Ratios¹					
Revenue buoyancy w.r.t GSDP	1.24	-0.32	0.53	0.50	1.68
State's own tax buoyancy w.r.t GSDP	0.02	0.48	0.87	0.57	2.71
GSDP Growth rate (per cent)	17.17	20.49	14.59	13.93	14.69

Source: Finance Accounts

The revenue receipts increased from ₹ 20,567 crore in 2006-07 to ₹ 27,608 crore in 2010-11 at an annual average growth rate of 6.85 per cent. There was a significant increase in revenue receipts during the current year over the previous year due to the fact that own tax revenue increased by ₹ 4,788 crore (39.77 per cent) in the current year over the previous year. The ratio of revenue receipts to GSDP during the current year (12.07 per cent) increased by almost one per cent when compared to the previous year. The revenue buoyancy with reference to GSDP increased from 1.24 in 2006-07 to 1.68 in 2010-11. The State's own tax buoyancy with reference to GSDP increased from 0.02 in 2006-07 to 2.71 in 2010-11.

Chart 1.4: Trends in Revenue Receipts

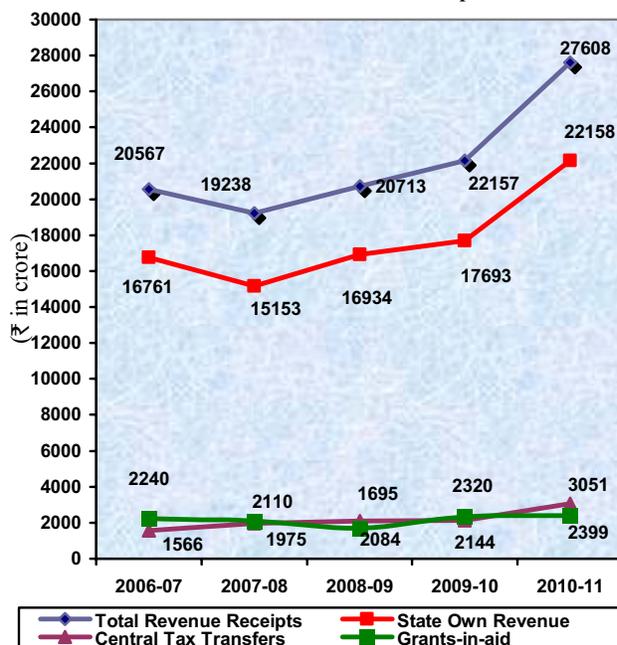
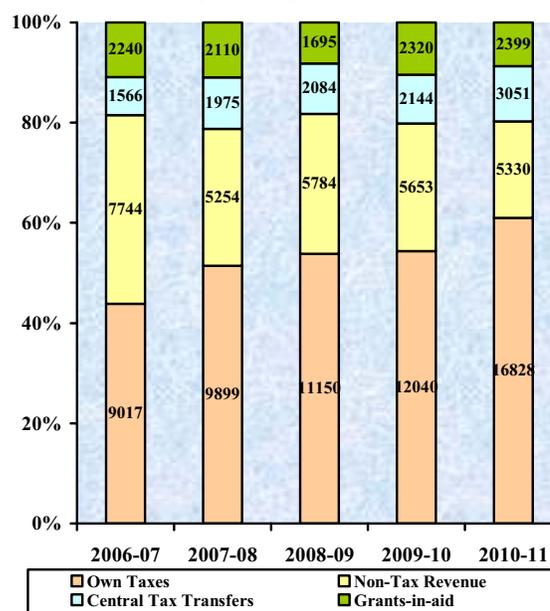


Chart 1.5: The composition of Revenue Receipts during 2006-11 (₹ in crore)



¹ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.60 implies that revenue receipts tend to increase by 0.60 percentage points, if the GSDP increases by one per cent.

The State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central tax receipts and Central assistance for the plan schemes etc. The State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The **revenue receipts** grew by ₹ 5,451 crore (24.61 *per cent*) in 2010-11 over the previous year. The increase was mainly in tax-revenue (₹ 4,788 crore: 39.77 *per cent*) and share of union taxes/duties (₹ 907 crore: 42.30 *per cent*) as compared to previous year. *The revenue receipts at ₹27,608 crore were less than that projected in the Fiscal Consolidation Roadmap for the State (FCR) (₹30,475 crore) for the year 2010-11.*

1.4.1 Tax revenue

As shown in **Table 1.6**, the increase in tax-revenue was mainly due to increase of ₹ 2,439 crore (32.19 *per cent*) and ₹ 1,193 crore (518.30 *per cent*) under the heads 'Taxes on Sales, Trade etc.' and 'Taxes and duties on electricity' respectively. The reason for increase in taxes and duties on electricity was due to enhancement in the rates of electricity duty by three *per cent* (from 10 to 13 *per cent*) and revision of tariff rates.

Table 1.6: Variation in tax revenue of current year vis-à-vis previous year

(₹ in crore)

S. No.	Revenue head	2009-10	2010-11	Variation	Percentage
1	Taxes on Sales, Trade etc.	7578	10017	2439	32.19
2	State excise	2101	2373	272	12.95
3	Taxes on Vehicles	555	654	99	17.84
4	Stamps and registration fees	1551	2318	767	49.45
5	Taxes and duties on electricity	230	1423	1193	518.30
6	Other tax revenue	25	43	18	72.00
	Total Tax Revenue	12040	16828	4788	39.77

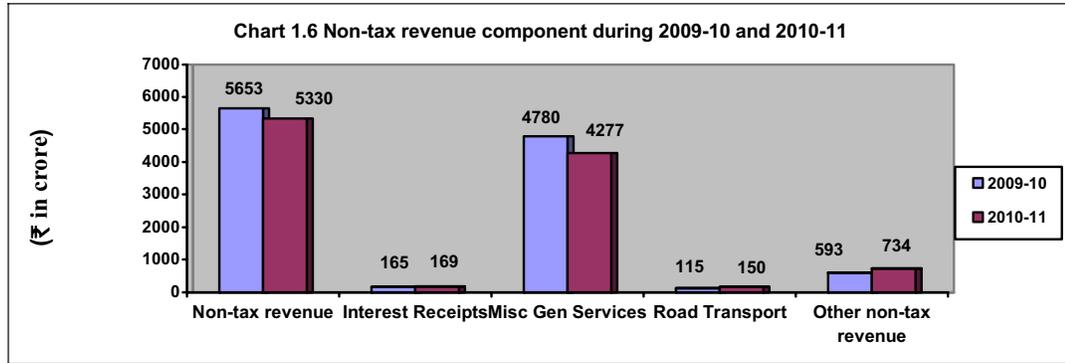
Source: Finance Accounts

The **State's own tax revenue** during the current year was ₹ 16,828 crore, which was less by ₹ 1,690 crore (9.13 *per cent*) compared to the norms of ₹ 18,518 crore fixed by ThFC and less by ₹ 568 crore (3.27 *per cent*) against ₹ 17,396 crore projected in the FCR for the State.

The share of **Central transfers** in revenue receipts increased from seven to 11 *per cent* during the period 2006-11 but increased by only one *per cent* during the current year over the previous year. The share of **grants-in-aid** from GOI remained 11 *per cent* during 2006-08 and it comes down to nine *per cent* in the current year which is also less by one *per cent* over previous year.

1.4.2 Non-tax revenue

The share of **non-tax revenue** in total revenue receipts, decreased by seven *per cent* (from 26 to 19 *per cent*), during the current year over the previous year. The share of **non-tax revenue** comes down to half (19 *per cent*) from what it was in the year 2006-07 (38 *per cent*).

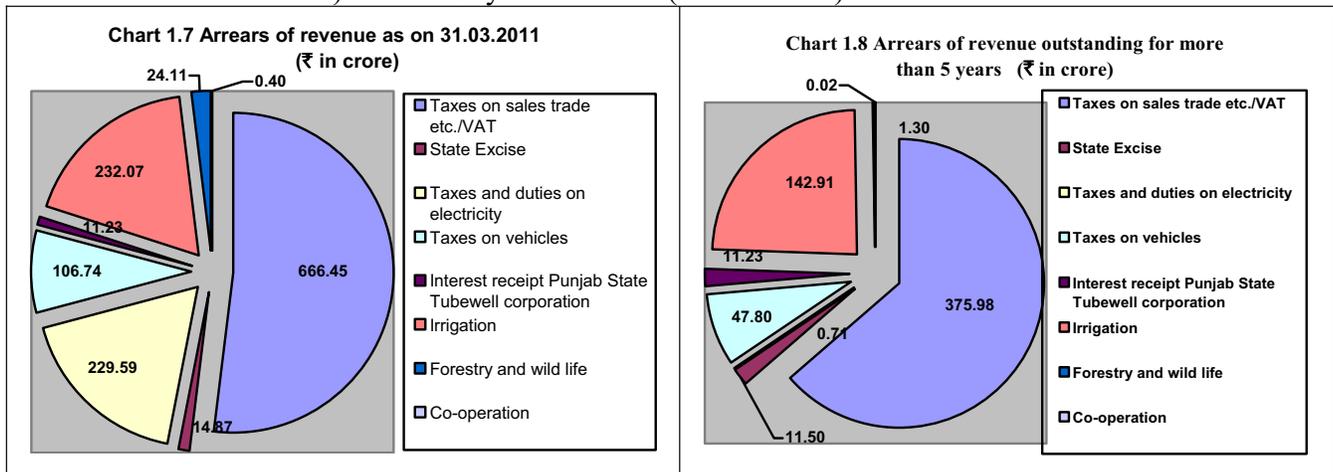


The State's non-tax revenue during the current year was ₹ 5,330 crore, which was higher by ₹ 2,126 crore (66.35 per cent) against ₹ 3,204 crore fixed by ThFC. The non-tax revenue decreased by ₹ 323 crore (5.71 per cent) over the previous year (Chart 1.6). The decrease in non-tax revenue was mainly due to decrease of ₹ 503 crore under the Head 'Miscellaneous General Services' partly offset by increase of ₹ 63 crore under 'Other Administrative Services'; ₹ 36 crore under 'Road Transport' and ₹ 27 crore under the head 'Medical and Public Health' etc.

The component wise analysis of non-tax receipts during the period 2006-11 revealed that gross receipts from State lotteries contributed on an average of 59.83 per cent of the total non-tax receipts. Netting the receipts from lotteries against the expenditure incurred revealed only marginal net receipts from lotteries to the State Government which varied from ₹ 39.88 crore to ₹ 128.29 crore during 2006-10 and only ₹ 2.50 crore in 2010-11.

1.4.3 Revenue arrears

The arrears of revenue as on 31 March 2011 stood at ₹ 1,285.46 crore (Chart 1.7) which were ₹ 456.79 crore (55.12 per cent) higher than arrears of ₹ 828.67 crore pending as on 31 March 2010. ₹ 591.45 crore were outstanding for more than five years (Chart 1.8). Major increase in the arrears was observed under Taxes on Sales Trade etc./Value Added Tax (VAT) (₹ 290.47 crore), Irrigation (₹ 96.20 crore), Taxes and duties on electricity (₹ 64.46 crore) and Forestry and wild life (₹ 15.73 crore).



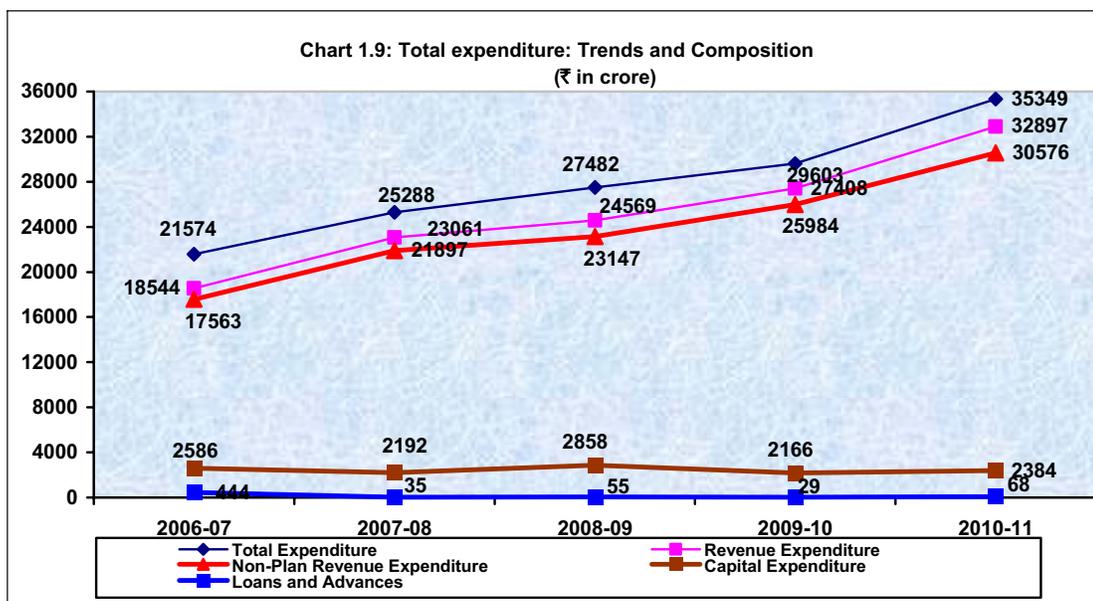
Out of the total arrears of revenue as on 31 March 2011, recovery of ₹ 225.96 crore was stayed by Government departments, recovery of ₹ 122.71 crore was stayed by High Court and recovery of ₹ 27.73 crore was likely to be written off. An amount of ₹ 330.03 crore was pending due to other reasons such as amount covered by recovery certificates, amount recoverable in installments, amount covered by dealers becoming insolvent, amount pending due to rectification, amount recoverable in individual cases and recovery at different stages of action. No reasons were intimated by the departments for the remaining amount of ₹ 579.03 crore.

1.5 Application of resources

Analysis of the allocation of expenditure at the State Government level assumes significance since responsibilities for incurring expenditure are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising the public expenditure financed by deficit or borrowings. It is, therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure relating to development and social sectors.

1.5.1 Growth and composition of expenditure

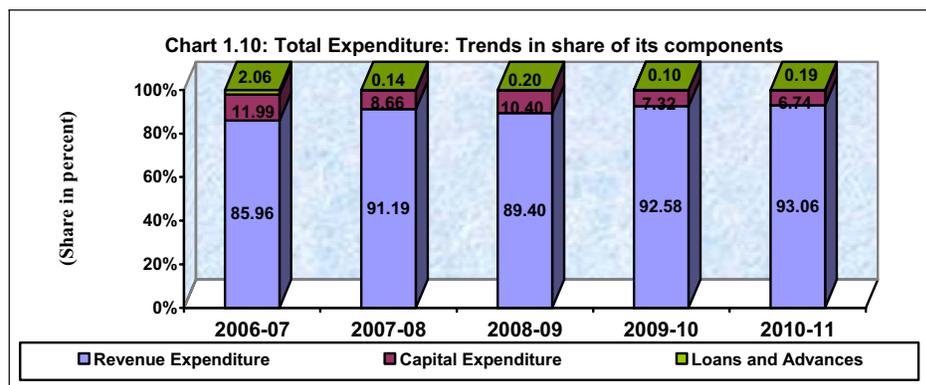
Chart 1.9 presents the trends of total expenditure over a period of five years (2006-11). Its composition in terms of ‘economic classification’ is depicted in Chart 1.10



The Government raises resources to perform their sovereign functions, to maintain the existing nature of delivery in social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The **totalexpenditure** of the State increased by 63.85 per cent from ₹ 21,574 crore in 2006-07 to ₹ 35,349 crore in 2010-11, it increased by ₹ 5,746 crore (19.41 per cent) over the previous year. The revenue expenditure increased by ₹ 5,489 crore (20.03 per cent), the capital expenditure increased by ₹ 218 crore

(10.06 per cent) and disbursement of loans and advances increased by ₹ 39 crore (134.48 per cent) during the current year.

Similarly, the **non-plan revenue expenditure (NPRE)** at ₹ 30,576 crore in 2010-11 increased by ₹ 4,592 crore (17.67 per cent) as compared to the previous year. The NPRE also exceeded the normative assessment made by ThFC (₹ 22,927 crore) by 33.36 per cent.



The movement of relative share of various components of expenditure (**Chart 1.10 & Table 1.7**) indicates that while the share of General Services in total expenditure increased from 48.36 per cent in 2006-07 to 53.14 per cent in 2010-11, the relative share of Social Services increased from 20.74 to 22.42 per cent and the share of Economic Services decreased from 27.32 to 22.45 per cent during the same period. The development expenditure i.e. 'expenditure on social and economic services' together remained stagnant between 45 and 48 per cent during the period 2006-11.

Table 1.7: Components of Expenditure – Relative Share

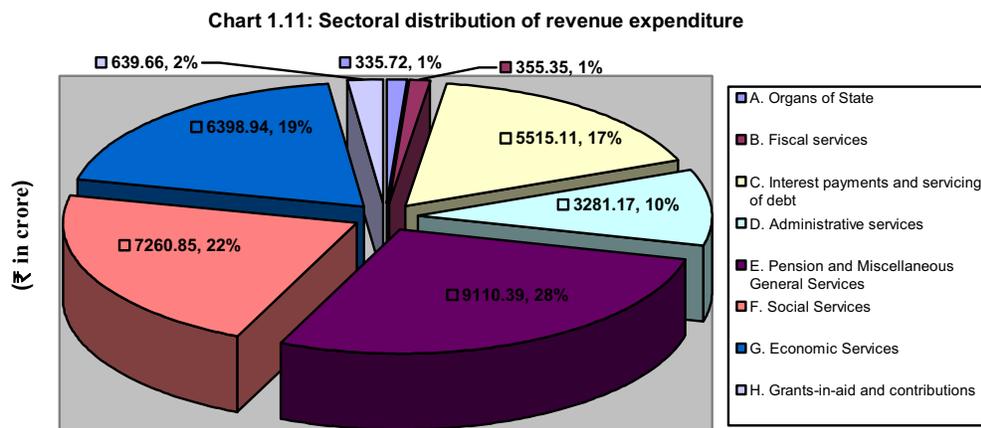
	<i>(in per cent)</i>				
	2006-07	2007-08	2008-09	2009-10	2010-11
General Services	48.36	51.52	51.74	52.87	53.14
<i>Of which Interest payments</i>	19.25	17.90	17.84	16.93	15.60
Social Services	20.74	19.07	24.12	23.36	22.42
Economic Services	27.32	27.86	22.82	22.16	22.45
Grants-in-aid	1.52	1.41	1.13	1.51	1.81
Loans and Advances	2.06	0.14	0.20	0.10	0.19

Source: Finance Accounts

The **revenue expenditure** continued to constitute a dominant proportion (86 to 93 per cent) of the total expenditure during the years 2006-11. During this period, it grew at an annual average growth rate of 15.48 per cent. The plan revenue expenditure contributed just five to seven per cent of the total revenue expenditure, whereas the non-plan revenue expenditure was 93 to 95 per cent during the period 2006-11 (**Appendix 1.6**).

The **revenue expenditure** increased by ₹ 5,489 crore (20.03 per cent) over the previous year. The increase was mainly under 'Pensions and other Retirement benefits' (₹ 1,951.90 crore: 58.14 per cent), 'Interest Payments' (₹ 504.12 crore: 10.06 per cent), 'Power' (₹ 501.52 crore: 17.45 per cent), 'General Education' (₹ 408.15 crore: 11.55 per cent), 'Crop Husbandry' (₹ 406.78 crore:

221.68 per cent) and ‘Police’ (₹ 386.86 crore: 20.38 per cent), partly offset by decline under the heads ‘Miscellaneous General Services’ (₹ 194.31 crore: 4.86 per cent) and ‘Secretariat-Economic Services’ (₹ 148.73 crore: 89.81 per cent). The revenue expenditure exceeded the projections in FCR for the year 2010-11 by ₹1,283 crore (3.75 per cent). The sector-wise distribution of revenue expenditure is shown in **Chart 1.11**:



The **Capital Expenditure (CE)** which was 11.99 per cent of the total expenditure in 2006-07 decreased to 7.32 per cent in 2009-10 and further to 6.74 per cent in 2010-11. The CE increased by ₹ 218 crore (10.06 per cent) over the previous year and it remained at 1.04 per cent of the GSDP. The increase was mainly under capital outlay on Rural Development Programme (₹ 210.78 crore: 226.38 per cent), Command Area Development (₹ 104.45 crore: 108.08 per cent), Education, Sports, Art and Culture (₹ 77.20 crore: 43.80 per cent) and Major Irrigation (₹ 67.01 crore: 191.46 per cent) partly offset mainly by decrease in capital outlay on Medium Irrigation (₹ 130.14 crore: 46.57 per cent), Flood Control Projects (₹ 96.28 crore: 68.71 per cent) and Urban Development (₹ 82.44 crore: 33.24 per cent). The CE during the current year at ₹ 2,384 crore was 40.83 per cent lower than that projected in FCR (₹ 4,029 crore). This shows that due priority was not given to CE.

1.5.2 Committed expenditure

The committed expenditure of the Government on revenue account consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.8** presents the trends in expenditure on these components during 2006-11.

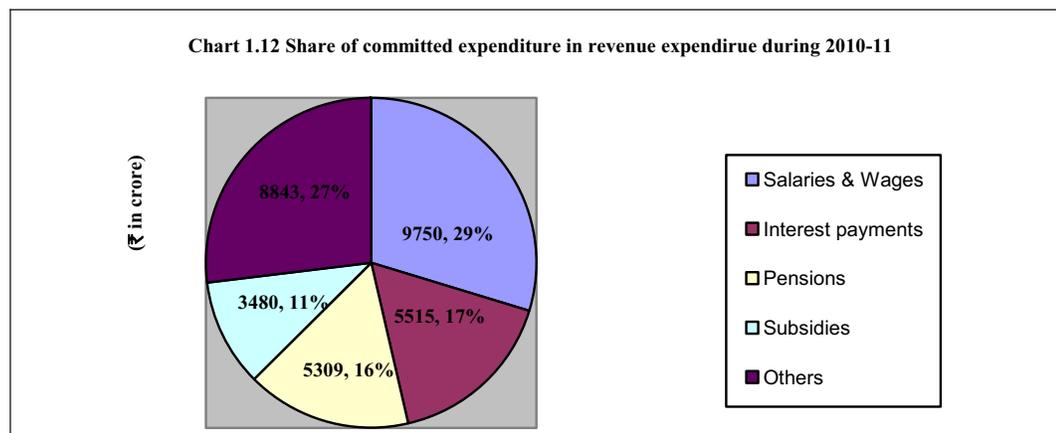
Table 1.8: Components of committed expenditure

Sr.No	Components of committed expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	
						Budget Estimate	Actuals
1	Salaries and Wages [§] , of which	5726 (28)	6379 (33)	6835 (33)	8225 (37)	9821 (33)	9750 (35)
	<i>Under Non-Plan Head</i>	5574	6244	6677	8034	9508	9525
	<i>Under Plan Head*</i>	152	135	158	191	313	225
2	Interest Payments	4152 (20)	4527 (24)	4902 (24)	5011 (23)	5764 (19)	5515 (20)
3	Expenditure on Pensions	1905 (9)	2433 (13)	2830 (14)	3357 (15)	3094 (10)	5309 (19)
4	Subsidies	1553 (8)	3021 (16)	2806 (14)	2919 (13)	3961 (13)	3480 (13)
	Total Revenue expenditure #	18544	23061	24569	27408	33405	32897
	Revenue Receipts	20567	19238	20713	22157	29617	27608

Figures in the parentheses indicate percentage to Revenue Receipts Source: Finance Accounts
* Plan Head includes Centrally sponsored schemes
[§] Salaries (2010-11): ₹ 9589.28 crore + Wages (2010-11): ₹ 161.17 crore
includes expenditure other than committed expenditure.

Table 1.8 shows that the expenditure on salaries and wages increased from 28 per cent of revenue receipts in 2006-07 to 35 per cent in 2010-11 and it increased by ₹ 1,525 crore (18.54 per cent) in 2010-11 over the previous year.

Chart 1.12 Share of committed expenditure in revenue expenditure during 2010-11

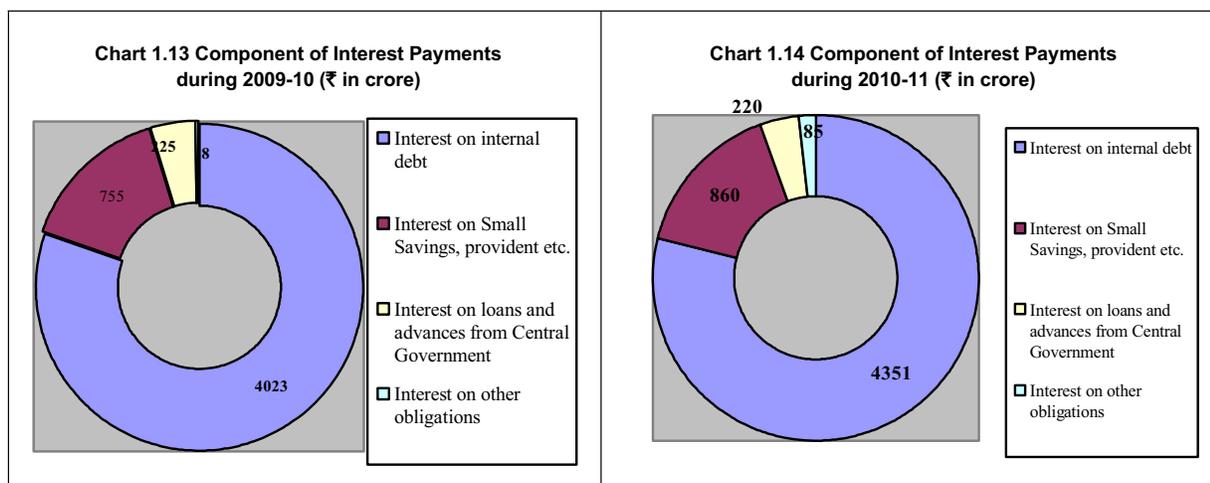


Tables 1.9 show that although the expenditure on salaries increased during the current year over the previous year yet it remained less than the BE (₹ 9,653 crore) and target fixed under fiscal consolidation roadmap for the State (₹ 10,309 crore). The expenditure on salaries was ₹ 9,589 crore exceeding the norm of ₹ 8,816 crore as envisaged by ThFC.

Table 1.9: Committed expenditure vis-à-vis targets during 2010-11

Item	ThFC	FCR for State	Budget estimates	2010-11	
				2009-10	2010-11
Salaries	8816	10309	9653	8095	9589
Interest payments	5587	5499	5764	5011	5515
Pensions	3659	4048	3094	3357	5309
Subsidies	-	-	3961	2919	3480

Source: Figures of actual expenditure from Finance Accounts



The **interest payments** increased by 10.06 per cent from ₹ 5,011 crore in 2009-10 to ₹ 5,515 crore in 2010-11 which was mainly due to increase of ₹ 327.71 crore (8.15 per cent) under 'Interest on internal debt' as shown in **Charts 1.13 and 1.14**. As a percentage of the revenue receipts it was 19.98 per cent and was higher than the projections made in the FCR of the State (₹ 5,499 crore), whereas it was within budget estimates (₹ 5,764 crore) and projections made by ThFC (₹ 5,587 crore) for the year 2010-11.

The **pension payments** recorded a growth of ₹ 1,952 crore (58.15 per cent) during the current year over the previous year. The expenditure at ₹ 5,309 crore during 2010-11 was higher than the projection made by the Government in its FCR (₹ 4,048 crore), envisaged by ThFC (₹ 3,659 crore) and BE (₹ 3,094 crore).

The **subsidies** during the current year increased by ₹ 561 crore (19.22 per cent) over the previous year mainly due to increase in subsidy under major head 2801-Power by ₹ 502 crore (17.47 per cent). However, the actual expenditure on subsidies (₹ 3,480 crore) was less than the projection made in the BE (₹ 3,961 crore).

Analysis of the committed expenditure (Table 1.9) of the State Government revealed that interest payments and subsidies together constituted 27.34 per cent of the total revenue expenditure and consumed 32.58 per cent of the revenue receipts, which needs to be addressed by the Government.

1.5.3 Financial assistance to the local bodies/other institutions

The quantum of assistance provided by way of grants and loans to the local bodies and other institutions during the current year and the previous years is presented in **Table 1.10**.

Table 1.10: Financial assistance to local bodies etc.

(₹ in crore)

Institutions	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities etc.)	195.88	454.93	452.12	748.02	731.66	683.84
Municipal Corporations and Municipalities	69.99	28.75	1.93	18.87	77.00	155.05
Zila Parishads and Other Panchayati Raj Institutions	162.15	145.11	73.34	116.93	457.28	87.02
Development Agencies	102.93	2.77	28.21	10.41	35.70	3.59
Hospitals and Other Charitable Institutions	62.91	62.19	55.00	46.45	67.00	63.27
Other Institutions	0.01	--	--	--	--	--
TOTAL	593.87	693.75	610.60	940.68	1368.64	992.77

Source: Finance Accounts

The financial assistance to the local bodies and other institutions increased from ₹ 593.87 crore in 2006-07 to ₹ 992.77 crore in 2010-11. The increase of ₹ 52.09 crore (5.54 per cent) over the previous year was mainly due to increase in assistance to the Municipal Corporations and Municipalities (₹ 136.18 crore). Against the total budget provision of ₹ 1,368.54 crore, financial assistance of ₹ 992.77 crore was released.

In case of zila parishads and other panchayati raj institutions the decrease in the actual release vis-à-vis the BE was ₹ 370.26 crore (80.97 per cent), this decrease was due to no release of any grant to PRIs against the recommendations of third State Finance Commission. In case of the educational institutions the decrease of ₹ 47.82 crore (6.54 per cent) against the BE was due to less assistance to non-government colleges and institutions (₹ 76.84 crore). Decrease of ₹ 32.11 crore (89.94 per cent) in case of development agencies was due to less financial assistance to local bodies, corporations etc.

The overall quantum of financial assistance to the local bodies and other institutions remained between 2.49 and 3.43 per cent of the revenue expenditure during 2006-11.

1.6 Quality of expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves adequacy and efficiency of the expenditure.

1.6.1 Adequacy of public expenditure

Adequacy of public expenditure means whether there are enough provisions for providing public services. The responsibilities to incur expenditure on social sector and economic infrastructure are largely assigned to the State Governments. For enhancing the levels of human development, the States are required to step up their expenditure on key social services like education, health etc. The fiscal priority (ratio of expenditure on a particular category to the aggregate expenditure) to a particular sector is considered low, if it is below the respective national average. In **Table 1.11**, the fiscal priority of the

State Government with regard to development expenditure, expenditure on social sector and capital expenditure etc. is shown.

Table 1.11: Fiscal Priority of the State in 2007-08 and 2010-11

<i>(in per cent)</i>						
Fiscal Priority by the State	AE/GSDP	DE#/AE	SSE/AE	CE/AE	Education/ AE	Health/ AE
General category States Average (Ratio) 2007-08	16.85	64.28	32.54	16.14	14.64	3.98
Punjab's Average (Ratio) 2007-08	16.55	46.97	19.07	8.67	10.79	3.01
General category States Average (Ratio) 2010-11	16.65	64.42	36.75	13.27	17.42	4.35
Punjab's Average (Ratio) 2010-11	15.45	44.95	22.42	6.74	12.28	3.48
AE= Aggregate Expenditure, DE= Development Expenditure, SSE= Social Sector Expenditure and CE= Capital						
# Development expenditure includes Development Revenue expenditure, Development Capital expenditure and Loans & Advances disbursed.						
Source: For GSDP, State's Directorate of Economics and Statistics and Finance Accounts of the States.						

- Public expenditure as indicated by the ratio of aggregate expenditure to GSDP was lower in 2007-08 in the state as compared to the other general category states and the trend continues in the year 2010-11.
- Development expenditure refers to the expenditure on economic and social sector. Increased priority to Development expenditure will result in better human and physical asset formation which will further increase the growth prospects of the State. In the case of Punjab, there appears to be a much lower priority given to the Development expenditure, as lower proportion of the aggregate expenditure was spent under this head.
- Similarly, lower priority had been given to the Social sector expenditure – mainly education and health - as lower proportion of aggregate expenditure was spent under these heads as compared to the other general category States in the country.
- Capital expenditure increases the asset creation which will generate opportunities for higher growth. In Punjab, the ratio of capital expenditure to the aggregate expenditure was also low as compared to the other general category States.

1.6.2 Efficiency of expenditure

In view of the importance of public expenditure on development items, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision for core public and merit goods². Apart from improving the allocation towards development expenditure, the efficiency of expenditure is reflected by the ratio of capital expenditure to total expenditure (and/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to the total expenditure (and/or GSDP), the better would be the quality of expenditure.

² Please see the glossary (Appendix 4.1)

Table 1.12: Development expenditure

(₹ in crore)

Components of Development expenditure	2006-07	2007-08	2008-09	2009-10	2010-11	
					BE	Actuals
Total Development expenditure (a to c)	10796 (50.04)	11878 (46.97)	12929 (47.04)	13476 (45.52)	17855 (48.92)	15890 (44.95)
a. Development Revenue expenditure	7877 (36.51)	9812 (38.80)	10227 (37.21)	11436 (38.63)	15023 (41.16)	13660 (38.64)
b. Development Capital expenditure	2492 (11.55)	2056 (8.13)	2671 (9.72)	2041 (6.89)	2831 (7.76)	2199 (6.22)
c. Development Loans and Advances	427 (1.98)	10 (0.04)	31 (0.11)	0 (Nil)	1 (Nil)	31 (0.09)

Figures in parentheses indicate percentage to aggregate expenditure Source: Finance Accounts

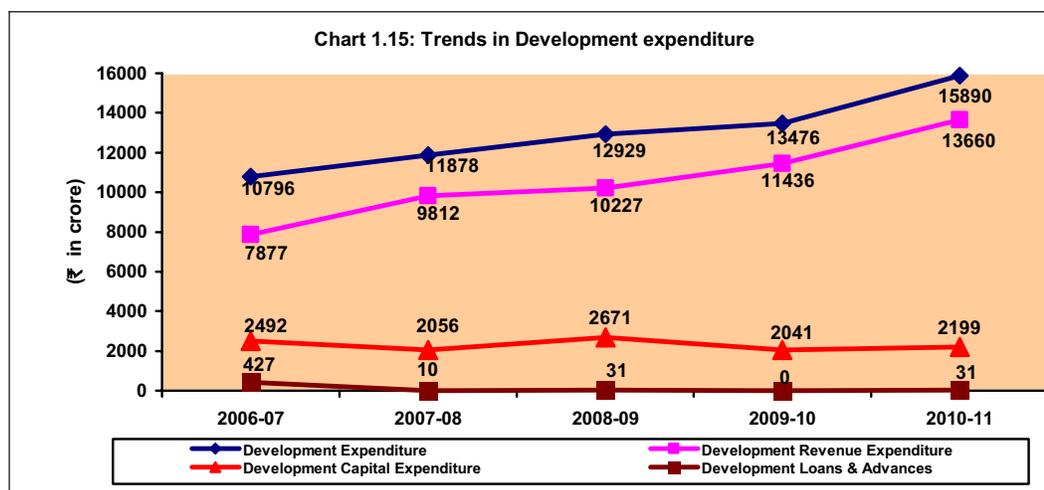


Table 1.12 and Chart 1.15 show that the total development expenditure increased by ₹ 5,094 crore (47.18 per cent) during 2006-11 and by ₹ 2,414 crore (17.91 per cent) during the current year over the previous year.

The **development revenue expenditure** increased consistently from ₹ 7,877 crore in 2006-07 to ₹ 13,660 crore in 2010-11. The development revenue expenditure increased by ₹ 2,224 crore (19.45 per cent) during the current year over the previous year, whereas it was less by ₹ 1,363 crore (9.07 per cent) when compared with the BE of the State for the year 2010-11.

The **development capital expenditure** decreased from ₹ 2,492 crore in 2006-07 to ₹ 2,199 crore in 2010-11. However, it increased by ₹ 158 crore (7.74 per cent) during the current year over the previous year and was less by ₹ 632 crore (22.32 per cent) as compared to the BE. The less development capital expenditure during 2010-11 as compared to 2006-07 implies that the State Government was giving less priority to capital expenditure for development as only 6.22 per cent of the aggregate expenditure was incurred on development capital expenditure.

Table 1.13: Efficiency of expenditure in selected Social and Economic Services

(in per cent)

Social/Economic Infrastructure	2009-10		2010-11	
	Ratio of CE to TE	In RE, the share of S & W	Ratio of CE to TE	In RE, the share of S & W
Social Services (SS)				
General Education	3.50	76.12	3.84	80.57
Health and Family Welfare	1.09	89.31	3.27	88.19
WS, Sanitation, HUD	60.75	56.15	51.82	64.21
Total (SS)	10.11	65.25	8.37	66.19
Economic Services (ES)				
Agri. and Allied Activities	0.35	56.67	1.41	39.43
Irrigation & Flood Control	42.47	82.66	36.69	75.33
Power and Energy	0.83	0.02	0.00	0.02
Transport	54.83	34.55	53.41	34.96
Total (ES)	20.45	26.51	19.36	25.13
Total (SS+ES)	15.14	47.57	13.87	46.95

WS: Water Supply, HUD: Housing and Urban Development; Agri: Agriculture; CE: Capital Expenditure; TE: Total Expenditure; RE: Revenue Expenditure; S&W: Salary and Wages.

Source: Finance Accounts

Table 1.13 shows that in 2010-11, the ratio of the capital expenditure (CE) to total expenditure (TE) on the Social Services (SS) and the Economic Services (ES) decreased by 1.74 and 1.09 respectively over the previous year.

The share of salaries and wages components in revenue expenditure on SS increased from 65.25 to 66.19 per cent whereas the same in case of ES decreased from 26.51 to 25.13 per cent during the current year over the previous year.

The combined ratio of CE to TE on SS and ES decreased by 1.27 during 2010-11 over the previous year, while the share of salaries & wages in revenue expenditure on SS and ES decreased from 47.57 to 46.95 per cent.

1.7 Analysis of Government expenditure and investments

In the post-FRBM framework, the State is expected to keep its fiscal deficit (and borrowing) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, the State Government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital works undertaken by the Government during the current year vis-à-vis the previous years.

1.7.1 Financial results of Irrigation works

The financial results of nine major irrigation projects involving a capital expenditure of ₹ 459.76 crore at the end of March 2011 showed that revenue realised from these projects during 2010-11 (₹ 24.48 crore) was only 5.32 per cent of the capital expenditure. This return was not sufficient to cover even the direct working expenses. After meeting the direct working expenditure (₹ 246.62 crore) and interest charges (₹ 23.17 crore), the projects suffered a net loss of ₹ 245.31 crore.

1.7.2 Incomplete projects

The department-wise information pertaining to the incomplete projects as on 31 March 2011 is given in the **Table 1.14**.

Table 1.14: Department-wise profile of incomplete projects

(₹ in crore)

Department	Number of Incomplete Projects	Initial Budgeted Cost	Revised Total Cost of Projects	Expenditure	Cost Overrun
Water Supply and Sanitation (Public Health)	5	30.89	Not available	11.20	Not available
Irrigation Department	2	2485.81	Not available	293.42	Not available
	1	58.15	74.14	26.51	15.99
Public Works (B & R)	10	50.62	Not available	20.59	Not available
	1	8.00	11.62	5.95	3.62
TOTAL	19	2633.47	85.76	357.67	19.61

Source: Finance Accounts

Out of three incomplete projects in the Irrigation Department, cost of one project namely 'Converting the Banur Canal System from Non-perennial to Perennial' was revised, which resulted in increase in the estimated cost by ₹ 15.99 crore (27.50 per cent). The work was held up due to dispute with the contractor. Sutlej Yamuna Link Canal project was incomplete due to water sharing dispute between Punjab and Haryana Governments.

Out of the 11 incomplete projects of Public Works Department (Buildings & Roads), cost of only one project namely 'Construction of University College at Jaitu, District Faridkot' was revised resulting in increase of ₹ 3.62 crore (45.25 per cent). The works were incomplete because in most of the projects, funds were not received from State Government.

There were five incomplete projects costing ₹ 30.89 crore in the Water Supply and Sanitation (Public Health) Department. The main reason for non-completion of works was that the overhead service reservoir work was not allotted.

The targeted year of completion of most of the incomplete projects was upto 2010-11. But the works have not been completed as of 31 March 2011.

Efforts should be made by the concerned departments to complete all the incomplete projects as early as possible, as ₹357.67 crore had already been spent on these incomplete projects and full benefits are remained to be realized.

1.7.3 Investment and returns

As of 31 March 2011, the Government of Punjab had invested ₹ 3,831.96 crore.

Table 1.15: Return on investment

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Investment at the end of the year (₹ in crore)	3761.74	3835.65	3841.36	3832.41	3831.96
Return (₹ in crore)	1.96	0.40	0.78	0.91	0.62
Return (per cent)	0.05	0.01	0.02	0.02	0.02
Average rate of interest on Government Borrowing (per cent)	8.11	8.46	8.32	7.72	7.73
Difference between interest rate and return (per cent)	8.06	8.45	8.30	7.70	7.71

Source: Finance Accounts

As per **statement 14 of the Finance Accounts**, out of amount invested, ₹ 3,113.38 crore were invested in 10 Statutory Corporations (five working and five non-working), ₹ 489.30 crore in 23 Government Companies (12 working and 11 non-working), ₹ 227.89 crore in 7653 Co-operative Banks and Societies and ₹ 1.39 crore in 15 Joint Stock Companies.

However, there was no return on investment from Statutory Corporations, Government Companies and Joint Stock Companies. The return on investment from Co-operative Banks and Societies as dividend/interest was ₹ 61.86 lakh only during the year 2010-11. The return was 0.01 to 0.05 *per cent* only during 2006-11, while the Government of Punjab paid interest at the average rate of 7.72 to 8.46 *per cent* on its borrowings during 2006-11 (**Table 1.15**).

Within the group of five working Statutory Corporations, ₹ 3,088.68 crore (99.87 *per cent*) of the Government investment was made in four Corporations as mentioned in **Table 1.16** and only ₹ four crore (0.13 *per cent*) were invested in Punjab State Warehousing Corporation. Out of these Statutory Corporations/Boards, four were incurring losses and their accumulated losses amounted to ₹ 9,067.79 crore (upto the year 2007-08 to 2009-10 for which their accounts were finalised). The loss amounting to ₹ 8,411.23 crore (92.78 *per cent*) pertains to Punjab State Power Corporation Limited alone. The accumulated profit of the Punjab Scheduled Castes Land Development and Finance Corporation was reduced by ₹ 1.37 crore as compared to 2007-08 which was ₹ 24.09 crore upto 2008-09 for which their accounts have been finalized.

Table 1.16: Investments made in Statutory Corporations/Boards

(₹ in crore)

Name of Corporation/Board	Amount invested	Accumulated (Loss-)/Profit(+)	Loss/Profit accounted upto
Punjab State Power Corporation Ltd.	2946.11	(-) 8411.23	2008-09
Pepsu Road Transport Corporation	86.82	(-) 334.90	2008-09
Punjab Financial Corporation	29.31	(-) 319.19	2009-10
Punjab State Warehousing Corporation	4.00	(-)2.47	2007-08
Punjab Scheduled Castes Land Development and Finance Corporation	26.44	(+) 24.09	2008-09
Net Loss	3092.68	9043.70	

Source: Finance Accounts

An amount of ₹ 463.82 crore was invested in 12 working Government Companies, out of these, five were incurring losses of ₹ 1,569.59 crore and accumulated profits of seven companies were ₹ 175.44 crore (upto 2007-08 to 2009-10 for which their accounts were finalized). *The Government needs to review its investments to ensure better value for the investments.*

1.7.4 Departmental commercial undertakings

Activities of quasi-commercial nature are performed by the Punjab Roadways, a departmental undertaking (Transport Department). An amount of ₹ 42.72 crore had been invested by the State Government in the Punjab Roadways at the end of 2000-01 (up to which its accounts were finalized). The Punjab Roadways had been incurring losses continuously for more than five years and

its accumulated losses were ₹ 731.46 crore as against the total investment of ₹ 42.72 crore upto 2000-01.

1.7.5 Loans and advances by the Government of Punjab

In addition to the investments in Co-operative Societies, Corporations and Companies, the Government of Punjab has also been providing loans and advances to many institutions/organizations. **Table 1.17** presents the position of outstanding loans and advances as on 31 March 2011, interest receipts vis-à-vis interest payments by the State Government on its borrowings during last three years.

Table 1.17: Position of outstanding loans and advances and interest received /paid

Outstanding loans and interest received/paid	2008-09	2009-10	2010-11	
			BE	Actual
Opening Balance of loans outstanding	4123	4100		2853
Amount advanced during the year	55	29	28	68
Amount recovered during the year	78	1276	172	597
Closing Balance of the loans outstanding	4100	2853		2324
Interest received	46	42		51
Interest received as <i>per cent</i> to the outstanding Loans and Advances	1.12	1.47		2.19
Rate of Interest paid as <i>per cent</i> to the outstanding fiscal liabilities of the Government	8.32	7.72		7.73
Difference between the rate of, interest paid and interest received (<i>per cent</i>)	(-)7.20	(-)6.25		(-)5.54

Source: Finance Accounts

During 2010-11, ₹ 68.40 crore were advanced as loans against the BE of ₹ 28 crore. Further, recovery of loans amounting to ₹ 597 crore was made against the BE of ₹ 172 crore. The recovery of loans and advances amounting to ₹ 597 crore during the current year includes book adjustment of subsidy of ₹ 520 crore payable by the Government to Punjab State Power Corporation Limited against repayment of loan by the Corporation taken from the Government. The interest receipt of ₹ 51 crore during the current year was increased by ₹ nine crore (21.43 *per cent*) over the last year. While the interest payment during 2010-11 was 7.73 *per cent* of its outstanding fiscal liabilities, the interest received was only 2.19 *per cent* of the outstanding loans and advances. *The Government needs to analyse the reasons for inadequate return from the loans and advances made by it.*

1.7.6 Cash balances and investment of cash balances

Table 1.18 depicts the cash balances and investments made by the Government of Punjab out of the cash balances during the year. The major portion of the cash balances was invested in Government of India Securities (₹ 101.99 crore) and Government earned interest of ₹ 0.28 crore during the year. The cash balances at the close of the current year decreased from ₹ 225.77 crore of the previous year to ₹ (-)118.16 crore mainly due to minus balance of ₹ 694.28 crore on account of Deposits with Reserve Bank of India.

Under an agreement with the Reserve Bank of India, the Government of Punjab has to maintain with the bank a minimum balance of ₹ 1.56 crore on all days. If the balance falls below the agreed minimum balance on any day, the deficiency is made good by taking ways and means advances/overdraft from the Reserve Bank of India.

Table 1.18: Cash balances and investment of cash balances

Particulars	(₹ in crore)		
	As on 31 March 2010	As on 31 March 2011	Increase(+)/ Decrease(-)
Cash Balances	225.77	-118.16	-343.93
Investment from Cash balances	292.00	102.03	-189.97
a. GOI Treasury Bills	189.97	0	-189.97
b. GOI Securities	101.99	101.99	0
c. Punjab State Power Corporation Bonds	0.04	0.04	0
Fund-wise break-up of investment from earmarked balances	0.70	0.70	0
a. Reserve Funds bearing interest
b. Reserve Funds not bearing interest	0.70	0.70	0
Interest realised	9.12	0.28	-8.84

Source: Finance Accounts

As per **statement 6 of the Finance Accounts**, at the end of the previous year no amount was outstanding as ways and means advances. During 2010-11, the Government obtained ₹ 3,942.62 crore as Ways and Means Advances (WMAs) from RBI on 70 occasions out of which an amount of ₹ 3,589.35 crore was re-paid leaving a balance of ₹ 353.27 crore and ₹ 4.60 crore were paid as interest on these advances.

At the end of the previous year, no amount was outstanding as shortfall/overdraft. During 2010-11, the Government had availed shortfall of ₹ 12.48 crore on eight occasions and overdraft of ₹ 25.74 crore on eight occasions. ₹ 23.66 crore were repaid during the year leaving a balance of ₹ 14.56 crore. ₹ 0.23 crore were paid as interest on these shortfalls/overdrafts.

1.8 Assets and liabilities

1.8.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities³ of the Government and the assets created out of the expenditure incurred. **Appendix 1.3 Part B** gives an abstract of such liabilities and the assets as on 31 March 2011, compared with the corresponding position as on 31 March 2010. The liabilities consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds and the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances.

In real terms, during 2010-11, the assets grew by ₹ 1,499.25 crore (5.39 per cent) whereas the liabilities increased by ₹ 6,787.96 crore (9.97 per cent) over the previous year. The ratio of Financial Assets to Liabilities came down to 39.12 per cent in 2010-11 from 46.59 per cent in 2006-07 which was 40.82 per cent in the previous year.

³ Financial liabilities of the Government means the total liabilities under the Consolidated Fund and the Public Account of the State referred to in Article 266 of the Constitution of India.

1.8.2 Fiscal liabilities

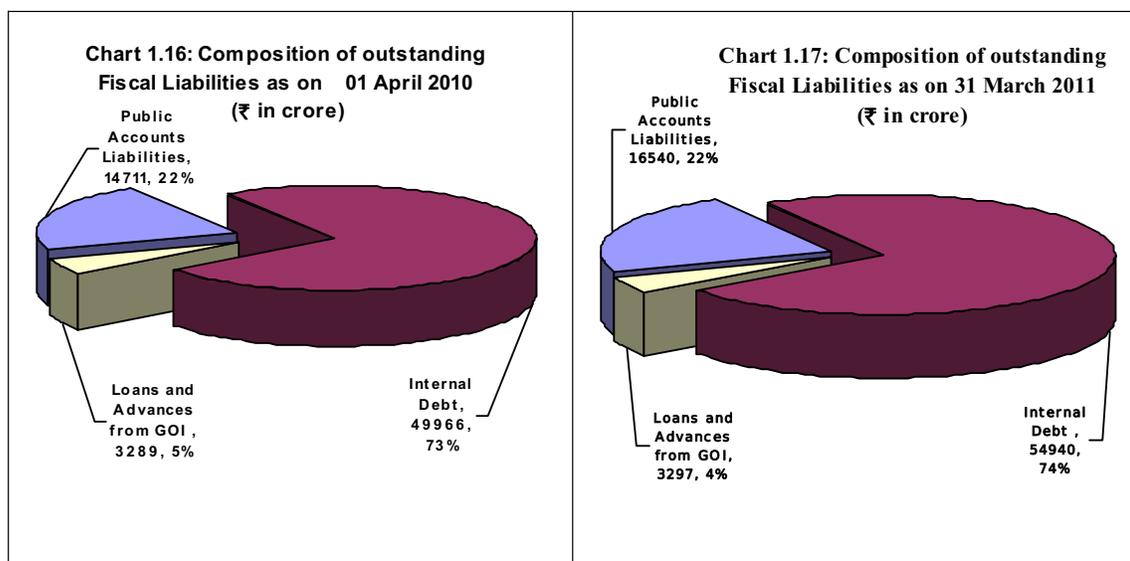
There are two sets of liabilities namely, Public Debt and Other Liabilities. The Public Debt consists of Internal Debt of the State and is accounted for under the Consolidated Fund. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may, from time to time, fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. The Other liabilities, which are part of the Public Account, include deposits under small savings scheme, provident funds and other deposits. The trends in outstanding fiscal liabilities, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts of the State and State's own resources as also the buoyancy of fiscal liabilities with respect to these parameters during the period 2006-11 are presented in **Table 1.19**.

Table 1.19: Fiscal liabilities – Basic Parameters

	2006-07	2007-08	2008-09	2009-10	2010-11
Fiscal Liabilities (₹ in crore)	51035	55982	61850	67967	74778
Rate of Growth (<i>per cent</i>)	-0.64	9.69	10.48	9.89	10.02
Ratio of Fiscal liabilities to					
GSDP (<i>per cent</i>)	40.25	36.64	35.33	34.08	32.69
Revenue receipts (<i>per cent</i>)	248.14	291.00	298.61	306.75	270.85
Own resources (<i>per cent</i>)	304.47	369.44	365.24	384.16	337.47
Buoyancy of Fiscal liabilities to					
GSDP (ratio)	-0.04	0.47	0.72	0.71	0.68
Revenue receipts (ratio)	(-)0.03	(-)1.50	1.37	1.42	0.41
Own resources (ratio)	(-)0.03	(-) 1.01	0.89	2.21	0.40

Source: Finance Accounts

The compositions of fiscal liabilities at the end of the current year vis-à-vis the previous year are presented in **Charts 1.16** and **1.17**.



The overall fiscal liabilities of the Government had been on the rise and it increased from ₹ 51,035 crore in 2006-07 to ₹ 74,778 crore in 2010-11. The Consolidated Fund liabilities (₹ 58,237.29 crore) comprised of internal debt of

₹ 54,940.33 crore and loans of ₹ 3,296.96 crore from GOI. The Public Account liabilities (₹ 16,540.31 crore) comprises of small savings, Provident fund (₹ 11,357.09 crore) and interest bearing obligations and non-interest bearing obligations like deposits and other earmarked funds (₹ 5,183.22 crore). The fiscal liabilities of the Government have increased by ₹ 6,807 crore (10.02 *per cent*) during 2010-11 over the previous year mainly due to increase of ₹ 4,973.87 crore (9.95 *per cent*) in the internal debt.

Though the ratio of fiscal liabilities to GSDP had been declining from 40.25 in 2006-07 to 32.69 *per cent* in 2010-11, it was still on the higher side as compared to the target of bringing down the ratio to 25 *per cent* by 2014-15, as envisaged by the ThFC. The ratio of fiscal liabilities to revenue receipts increased from 248.14 in 2006-07 to 306.77 *per cent* in 2009-10. However, during 2010-11 this ratio came down to 270.85 *per cent*.

1.8.3 Arrangements for amortization of liability

Government has constituted a Sinking Fund for loans raised by it in the open market. This Fund consists of two components i.e. Sinking Fund (Depreciation) and Sinking Fund (Amortisation). The rate of contribution to these two components of sinking fund was prescribed by the State Government as under:

- (a) **Sinking Fund (Depreciation)**-A sum not exceeding 1.5 *per cent* of the total amount of loans could, if necessary, be set apart from the revenue each year to a depreciation Fund for purchasing securities of the loans for cancellation.
- (b) **Sinking Fund (Amortization)**-In addition to the annual contribution to the respective depreciation fund, annual contributions are to be made to the Sinking fund from revenues for amortization of loans at such rates as Government may decide from time to time.

The Finance Accounts revealed that no contributions were made during 2010-11 and there were no balances in these two components of the sinking fund at the commencement and end of 2010-11.

On being pointed out (September 2011), the Finance Department stated that due to weak financial position of the State, no amount could be invested in the Sinking Fund.

1.8.4 Status of Government guarantees

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower to whom the guarantee has been extended.

The Punjab FRBM (Amendment) Act, 2011 provides that the Punjab Government shall cap the outstanding guarantees on long term debt to 80 *per cent* of the revenue receipts of the previous year and guarantees on short term debt be given only for working capital or food credit in which case this must be fully backed by physical stock. The Government of Punjab had given guarantees for repayment of loans etc. raised by statutory corporations/boards, local bodies, co-operative banks/societies and other institutions.

Table 1.20 shows the maximum amount guaranteed by the State and the outstanding amount of guarantees for 2008-11.

Table 1.20: Guarantees given by the Government of Punjab

(₹ in crore)

Guarantees	2008-09	2009-10	2010-11	
			BE	Actual
Maximum amount guaranteed	46815	51357	51513	Not Available
Outstanding amount of guarantees	25868	33295	49832	40333
Percentage of outstanding guarantees to the total revenue receipts of previous year	134	161	225	182
Criteria as per FRBM Act (<i>per cent</i> of guarantees to revenue receipts of the previous year)	80	80	80	80

Source: Finance Accounts

The outstanding guarantees of ₹ 40,333 crore were lower by ₹ 9,499 crore (19.06 *per cent*) against the budget estimates of ₹ 49,832.16 crore during the year 2010-11 showing unrealistic budget estimates.

The amount of outstanding guarantees (₹ 40,333 crore) as of March 2011 was 182 *per cent* of the revenue receipts of the previous year (2009-10). This was 102 *per cent* excess over the limit of 80 *per cent* prescribed in the FRBM Act.

In consideration of the guarantees given by the State, the Government has been charging guarantee fees upto two *per cent*. The total amount of guarantee fees received and receivable during 2010-11 was ₹ 70.05 crore and ₹ 75.60 crore respectively.

The Government of Punjab has set up a Guarantee Redemption Fund (GRF) on the recommendations of TFC, but so far no amount has been transferred to the fund.

In view of the above, *the Government of Punjab should limit giving guarantees, enforce recovery of the guarantee fee due to it and transfer the same to the Guarantee Redemption Fund.*

1.9 Debt sustainability

Apart from the magnitude of debt of the State Government, it is important to analyse various indicators that determine the debt sustainability⁴ of the State. Sustainability of debt of the Government can be measured in terms of debt stabilization⁵, sufficiency of non-debt receipts⁶, net availability of borrowed funds⁷, burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of the Government debt. **Table 1.21** analyses the debt sustainability of the Government according to these indicators for the years 2006-11.

⁴ Please see glossary (Appendix 4.1)

⁵ Please see glossary (Appendix 4.1)

⁶ Please see glossary (Appendix 4.1)

⁷ Please see glossary (Appendix 4.1)

Table 1.21: Debt sustainability

(₹ in crore)					
Indicators of Debt Sustainability	2006-07	2007-08	2008-09	2009-10	2010-11
Debt Stabilization (Quantum Spread + Primary Deficit)	5769	1434	1845	3975	3102
Sufficiency of Non-debt receipts (Resource Gap)	(+) 2042	(-) 3992	(-) 2087	521	-975
Net availability of borrowed funds	(-) 4238	3810	971	1114	1299
Burden of Interest Payments (IP/RR Ratio)	20	24	24	23	20

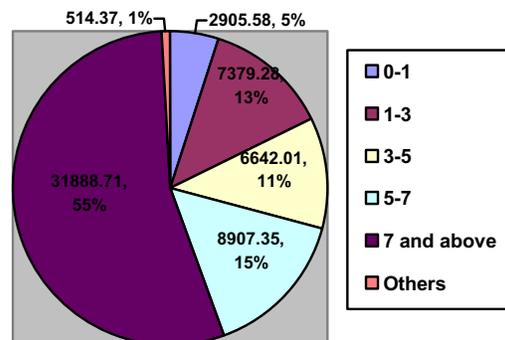
Source: Finance Accounts

Audit analysis revealed the following:

- The **sum of quantum** spread and primary deficit was positive during the period 2006-07 to 2010-11. These trends indicate that the State is moving towards debt stabilization, which if continued would eventually improve the Debt-sustainability position of the State. However, the sum of quantum spread and primary deficit decreased by ₹ 873 crore during the current year as compared to the previous year.
- The **negative resource gap** indicates the non-sustainability of debt, while the positive resource gap indicates the capacity to sustain the debt. The positive resource gap between the non-debt receipts and the total expenditure of the State indicates enhancement in the capacity of the Government to sustain the debt. The Government experienced huge negative resource gap in 2007-08 and 2008-09, though it turned into a small positive resource gap in 2009-10. Again, it turned into negative (₹ 975 crore) in the current year indicating non-sustainability of debt which needs to be improved.
- The **net funds available** from the internal debt and loans and advances from GOI and other sources after providing for repayments (including interest) decreased from ₹ 3,810 crore in 2007-08 to ₹ 1,299 crore in 2010-11. The expenditure pattern of the Government during the last three years indicated that the borrowed funds were mostly used for redemption of past debts leaving only small fund for other purposes.

Chart 1.18 Maturity profile of State debt
(₹ in crore)

Maturity Profile of State Debt (₹ in crore)		
Years	2010-11	Percentage
0 – 1	2905.58	4.99
1 – 3	7379.28	12.67
3 – 5	6642.01	11.41
5 – 7	8907.35	15.29
7 and above	31888.71	54.76
Others	514.37	0.88
TOTAL	58237.30⁸	100.00



⁸ Includes ₹ 513.91 crore representing loans of back to back basis recoveries of which are being made by Central Government, ₹ 31.92 lakh repayment of which is on the basis of actual recoveries and ₹ 15.48 lakh representing Market loans not bearing interest.

- The **Maturity profile of the State's debt** during the current year (**Chart 1.18**) indicates that 4.99 per cent is payable in the next year, 12.67 per cent in 1-3 years time, 11.41 per cent in 3-5 years time, 15.29 per cent in 5-7 years and 54.76 per cent is payable after seven years. There will be a bunching of repayments in the next year as well as around 3-5 years' time.

A well thought out debt repayment strategy will have to be worked out by the Government to ensure that no additional borrowings, which mature in these critical years is taken.

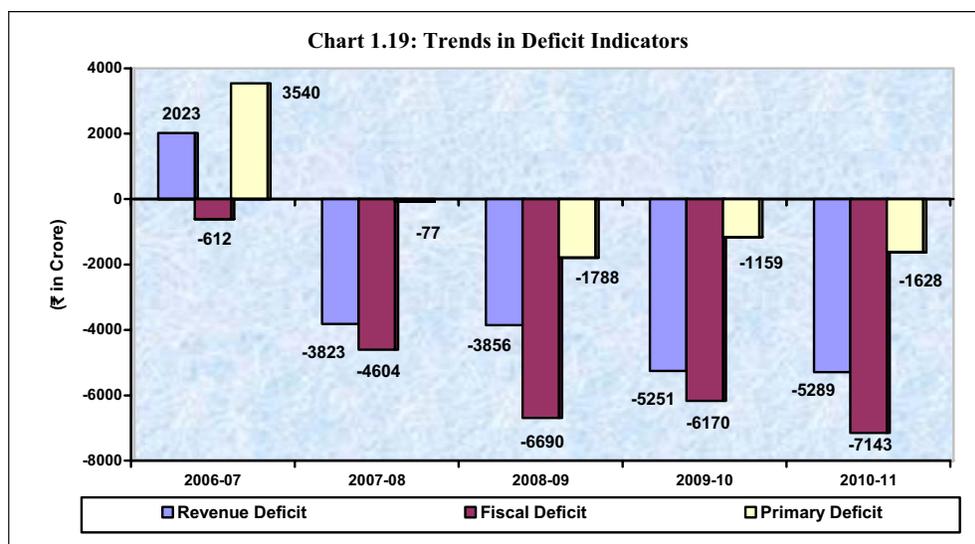
All the above mentioned parameters lead to a conclusion that unless borrowings are restricted, the State will have serious problem of servicing the debt.

1.10 Fiscal imbalances

Three key fiscal parameters - revenue, fiscal and primary deficits indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The deficit in the Government accounts represents the gap between its receipt and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis the targets set under the FRBM Act/Rules for the financial year 2010-11.

1.10.1 Trends in deficits

Charts 1.19 and **1.20** present the trends in deficit indicators over the period 2006-11.

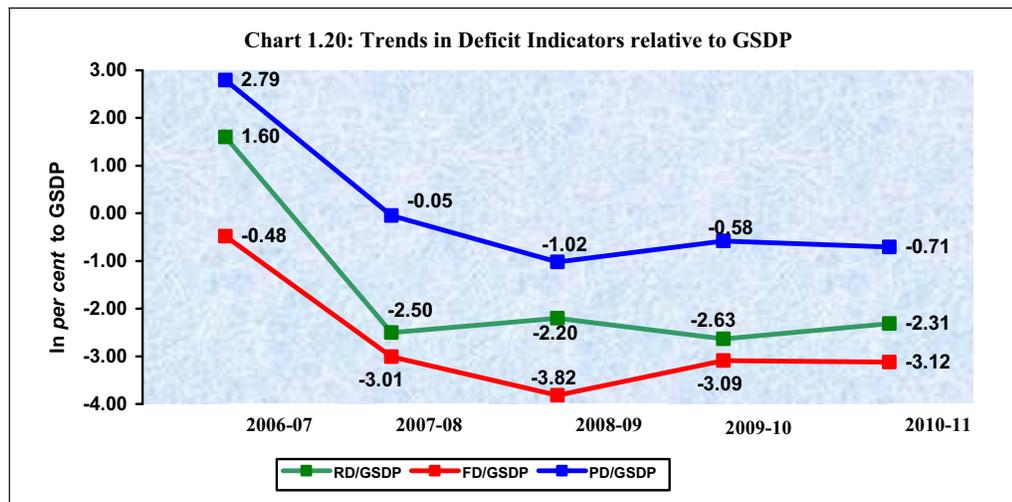


The **revenue deficit** which indicates the excess of revenue expenditure over the revenue receipts rose to the level of ₹ 5,289 crore (2.31 per cent of GSDP) in 2010-11 from the surplus of ₹ 2,023 crore (1.60 per cent of GSDP) in 2006-07. It shows that the revenue receipts in the State were not enough to

meet its revenue expenditure. As per the FRBM (Amendment) Act, 2011 the State should bring down its revenue deficit to 1.80 per cent of GSDP by 2011-12 and finally bring it down to zero by the year 2014-15. *Instead of bringing down the revenue deficit it is going up by each passing year.*

The **fiscal deficit**, which represents the total borrowing of the State and its total resource gap, increased from ₹ 612 crore (0.48 per cent of GSDP) in 2006-07 to ₹ 7,143 crore (3.12 per cent of GSDP) in 2010-11. *However, the fiscal deficit as percentage of GSDP in the current year was within the target of 3.50 per cent to be achieved by 2010-11 fixed by FRBM (Amendment) Act, 2011.*

The **primary deficit**, which indicates the excess of primary expenditure (*total expenditure net of interest payments*) over non-debt receipt, was ₹ 1,159 crore (0.58 per cent of GSDP) in 2009-10 and was increased to the level of ₹ 1,628 crore (0.71 per cent of GSDP) in the current year.



The State Government should work in the direction to bring down its revenue deficit to zero by the year 2014-15 as per target fixed by the FRBM (Amendment) Act, 2011.

1.10.2 Components of fiscal deficit and its financing pattern

The financing pattern of the fiscal deficit is reflected in the **Table 1.22**.

Table 1.22: Components of Fiscal deficit and its financing pattern

		(₹ in crore)				
Particulars		2006-07	2007-08	2008-09	2009-10	2010-11
Composition of Fiscal Deficit		612	4604	6690	6170	7143
(1+2+3)		(-0.48)	(-3.01)	(-3.82)	(-3.09)	(-3.12)
1	Revenue Deficit/Surplus(-)	(-) 2023 [#]	3823	3856	5251	5289
		(1.60)	(-2.50)	(-2.20)	(-2.63)	(-2.31)
2	Net Capital Expenditure	2586	2191	2857	2166	2383
		(-2.04)	(-1.43)	(-1.63)	(-1.09)	(-1.04)
3	Net Loans and Advances	49	-1410	-23	-1247	-529
		(-0.03)	(- 0.92)	(- 0.01)	(-0.63)	(-0.23)
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	738	3794	4645	4361	4529
2	Loans from GOI	-4008	71	105	-103	8
3	Special Securities issued to NSSF	2801	463	-213	1004	693
4	Loans from Financial Institutions	-427	-385	-393	-463	-248
5	Small Savings, PF etc.	402	636	720	849	1174
6	Deposits and Advances	-102	66	645	264	642
7	Suspense and Miscellaneous	40	38	2	-34	8
8	Remittances	-15	12	-11	39	-19
9	Others (Reserve Fund)	241	184	359	208	12
10	Increase/Decrease in cash balance	942	-275	831	44	344
11	Overall Deficit	612	4604	6690	6170	7143
<i>Figures in brackets indicate the percent to GDP.</i>		<i>Source: Finance Accounts</i>				
<i>*All these figures are net of disbursements/outflows during the year.</i>						
<i># Minus figure represents that Revenue receipts are more than Revenue expenditure which means revenue surplus.</i>						

The fiscal deficit of the State increased from ₹ 612 crore in 2006-07 to ₹ 7,143 crore in 2010-11. It was mainly met from market borrowings (₹ 4,529 crore), small savings, provident funds etc. (₹ 1,174 crore) and special securities issued to National Small Savings Fund (₹ 693 crore). The small savings, provident funds etc. and the net market borrowing increased by 38.28 and 3.85 *per cent* respectively over the previous year whereas special securities issued to NSSF decreased by 30.98 *per cent* in the current year over the previous year. **Table 1.22** indicates that inspite of increasing trend of fiscal deficit in the last five years⁹, the net capital expenditure as *per cent* of GDP declined from 2.04 in 2006-07 to 1.04 *per cent* in the current year, which indicates that the borrowed money was used to meet the revenue expenditure.

1.10.3 Quality of deficit/surplus

The ratio of Revenue deficit to Fiscal deficit and the decomposition of Primary deficit into primary revenue deficit⁹ and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were

⁹ Please see glossary (Appendix 4.1)

not having any asset backup. The bifurcation of the primary deficit would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy. The ratio of revenue deficit to fiscal deficit decreased from 85.11 *per cent* in 2009-10 to 74.04 *per cent* in 2010-11 (*Appendix 1.6*).

The bifurcation of the factors resulting into primary deficit or surplus of the Government during the period 2006-11 reveals (**Table 1.23**) that the primary deficit during this period was on account of slow rise in non-debt receipts as compared to primary revenue expenditure. In other words, non-debt receipts of the State were not enough to meet the primary revenue expenditure requirements. If this trend continues, debt sustainability will be in serious jeopardy as ideally incremental non-debt receipts every year should cover not only the primary expenditure but also incremental interest burden.

Table 1.23: Primary deficit/surplus

(₹ in crore)

Year	Non-debt receipts	Primary Revenue expenditure	Capital expenditure	Loans and advances disbursed	Primary expenditure	Primary deficit (-)/ surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-6)
2006-07	20962	14392	2586	444	17422	3540
2007-08	20684	18534	2192	35	20761	-77
2008-09	20792	19667	2858	55	22580	-1788
2009-10	23433	22397	2166	29	24592	-1159
2010-11	28206	27382	2384	68	29834	-1628

Source: Finance Accounts

1.11 Conclusion and recommendations

Conclusion

- The revenue receipts grew at an annual average of 6.85 *per cent* during 2006-11 and revenue expenditure grew by 15.48 *per cent* during the same period. It implies that the revenue expenditure could outpace the revenue receipts in the years to come.
- The Annual Finance Accounts do not capture the flow of funds directly released by Government of India to the State implementing agencies and to that extent, the receipts and expenditure of the State as well as other fiscal variables/parameters derived from them are understated.
- The Capital expenditure though increased by 10.06 *per cent* over the previous year yet it fell short by 22.14 *per cent* when compared with the budget estimates and was 40.83 *per cent* lower than projected level in fiscal consolidation roadmap for the State. Ratio of development expenditure (expenditure on social and economic services) to the aggregate expenditure during the year in respect of Punjab was 44.95 *per cent* against the General Category States average of 64.42 *per cent*. This shows that in the current year due priority has not been given to the development expenditure and capital expenditure.

- As of March 2011, the total investment of Government of Punjab in statutory corporations, companies etc. was ₹ 3,832 crore. During 2006-11, the return on these investments was negligible (0.01 to 0.05 per cent).
- The ratio of Financial Assets to Liabilities came down to 39.12 per cent in 2010-11 from 46.59 per cent in 2006-07 which indicates that most of the debt was spent for purpose other than asset creation.
- The outstanding guarantees of ₹ 40,333 crore (as of March 2011) given by the Government were 182 per cent of the revenue receipts of 2009-10 against the norm of 80 per cent prescribed in the FRBM Act, 2003. The State Government has set up a Guarantee Redemption Fund, but no amount has been transferred to the fund during 2010-11.
- During 2010-11, 20 per cent of the revenue receipts were used to meet the burden of interest payments. The borrowed funds were mostly used for redemption and servicing of past debts leaving only small fund for other purposes.
- The revenue deficit has been going up each passing year and increased to the level of ₹ 5,289 crore in 2010-11 as against a surplus of ₹ 2,023 crore in 2006-07, shows that the revenue receipts in the State of Punjab were not enough to meet the burgeoning and structurally rigid revenue expenditure. Though the fiscal deficit at 3.12 per cent of GSDP in the current year was within the target of 3.50 per cent fixed by FRBM (Amendment) Act, 2011, it increased from ₹ 612 crore in 2006-07 to ₹ 7,143 crore in 2010-11. The primary deficit has increased to ₹ 1,628 crore in the current year from ₹ 1,159 crore in 2009-10.

Recommendations

- ✓ *To improve the States' finances, Government should make concerted efforts to increase the pace of tax and non-tax revenue as the average growth rate of revenue expenditure was more than that of revenue receipts.*
- ✓ *The funds released by Government of India directly to the State implementing agencies needs to be monitored to ensure proper documentation and timely reporting of expenditure to the State/ Union Government.*
- ✓ *Appropriate action at Government's level should be initiated to improve the development expenditure as well as capital expenditure.*
- ✓ *The State Government should ensure utilization of debt receipts for asset creation; use the borrowed funds towards capital expenditure and better value for the investments.*

- ✓ *The State Government need to give due priority to reduction of contingent liabilities and ensure proper monitoring and recovery of the outstanding guarantee fees and transfer of funds to the Guarantee Redemption Fund.*

- ✓ *The State Government should work in the direction to bring down its revenue deficit to zero by the year 2014-15 as per target fixed by the FRBM (Amendment) Act, 2011.*

Chapter 2

Financial Management and Budgetary Control

This chapter outlines the Government's financial accountability and budgetary practices.

Box 2.1

Appropriation Accounts

Appropriation Accounts are accounts of the expenditure, voted and charged of the Government for each financial year compared with the amounts of the voted grants and charged appropriations for different purposes as specified in the schedules appended to the Appropriation Acts. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations and indicate the actual capital and revenue expenditure on various specified services *vis-à-vis* those authorized by the Appropriation Act in respect of both charged and voted items of budget. The Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are, therefore, complementary to the Finance Accounts.

Audit of the appropriations seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given in the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution of India is so charged. It also ascertains whether the expenditure incurred is in conformity with the law, relevant rules, regulations and instructions.

2.1 Summary of the Appropriation Accounts

The summarized position of actual expenditure *vis-à-vis* budgetary provisions during 2010-11 for the total 30 grants/appropriations is given in the **Table 2.1**.

Table 2.1: Summarized position of actual expenditure *vis-à-vis* original/supplementary provisions
(₹ in crore)

	Nature of expenditure	Original grant/Appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/Excess (+)
Voted	I Revenue	27585.18	1841.77	29426.95	27939.83	(-)1487.12
	II Capital	3063.15	896.81	3959.96	2496.68	(-)1463.28
	III Loans and Advances	27.30	9.97	37.27	37.40	(+)0.13
Total Voted		30675.63	2748.55	33424.18	30473.91	(-)2950.27
Charged	IV Revenue	5819.88	30.49	5850.37	5584.05	(-)266.32
	V Capital	0	0	0	0	0
	VI Public Debt-Repayment	7429.71	0	7429.71	5952.88	(-)1476.83
Total Charged		13249.59	30.49	13280.08	11536.93	(-)1743.15
Appropriation to Contingency Fund		0	0	0	0	0
Grand Total		43925.22	2779.04	46704.26	42010.84	(-)4693.42

Source: Appropriation Accounts

Note: The expenditure includes the recoveries of ₹ 626.70 crore adjusted as reduction of expenditure under Revenue expenditure and ₹ 81.60 crore under Capital expenditure.

The actual expenditure during 2010-11 was ₹ 42,010.84 crore against the original budgetary provisions of ₹ 43,925.22 crore. The supplementary provisions of ₹ 2,779.04 crore were, thus, found unnecessary. The overall saving of ₹ 4,693.42 crore (10.05 *per cent*) was the net result of savings of ₹ 6,522.38 crore in all the 30 grants (*Appendix 2.1*) set off by excess of ₹ 1,828.96 crore in six grants (**Table 2.5**).

The savings/excesses were intimated (October 2011) by the Accountant General (Accounts and Entitlement), Punjab to the Budget Officer/Finance Department requesting him to furnish reasons for the significant variations, but the same were not furnished (December 2011).

2.2 Financial Accountability and Budget Management

2.2.1 Appropriation vis-a-vis allocative priorities

The outcome of audit of the appropriations reveals that in 21 cases (16 out of the total 30 grants), the savings exceeded by ₹ 100 crore or by more than 20 *per cent* of the total provision in each case as detailed in **Table-2.2**. Against the total savings of ₹ 5,971.86 crore in these cases, savings of ₹ 3,310.01 crore (55.43 *per cent*) occurred in three grants¹ only.

¹ Grant No. 5-Education, 8-Finance and 23-Rural Development and Panchayats.

Table 2.2: List of grants having large savings

(₹ in crore)							
Sr. No.	Number and Name of the grant	Original grant	Supplementary grant	Total	Actual expenditure	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	(Revenue-Voted) 1-Agriculture and Forests	1008.06	176.01	1184.07	838.07	346.00	29.22
2.	5-Education	4492.07	387.79	4879.86	4077.88	801.98	16.43
3.	9-Food and Supplies	420.75	13.84	434.59	79.25	355.34	81.76
4.	17-Local Government, Housing and Urban Development	426.55	0	426.55	234.11	192.44	45.12
5.	22-Revenue and Rehabilitation	921.90	42.57	964.47	785.22	179.25	18.59
6.	23-Rural Development and Panchayats	996.39	118.46	1114.85	588.15	526.70	47.24
7.	24-Science, Technology and Environment	15.15	52.70	67.85	3.43	64.42	94.94
8.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	1278.66	51.06	1329.72	1127.75	201.97	15.19
9.	28-Tourism and Cultural Affairs	91.21	0	91.21	11.02	80.19	87.92
10.	(Revenue-Charged) 8-Finance	5763.72	0	5763.72	5515.11	248.61	4.31
11.	(Capital-Voted) 5-Education	167.51	35.97	203.48	114.33	89.15	43.81
12.	11-Health and Family Welfare	73.00	0	73.00	40.21	32.79	44.92
13.	12-Home Affairs and Justice	98.46	23.78	122.24	60.85	61.39	50.22
14.	13-Industries	51.21	0	51.21	25.03	26.18	51.12
15.	15-Irrigation and Power	744.30	135.21	879.51	613.83	265.68	30.21
16.	17-Local Government, Housing and Urban Development	541.69	4.36	546.05	165.76	380.29	69.64
17.	21-Public Works	912.10	251.63	1163.73	879.12	284.61	24.46
18.	23-Rural Development and Panchayats	158.01	312.64	470.65	303.91	166.74	35.43
19.	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes	29.00	72.05	101.05	4.06	96.99	95.98
20.	27-Technical Education and Industrial Training	156.60	0	156.60	62.29	94.31	60.22
21.	(Capital-Charged) 8-Finance	7429.71	0	7429.71	5952.88	1476.83	19.88
	Total	25776.05	1678.07	27454.12	21482.26	5971.86	21.75

Source: Appropriation Accounts

Such large savings in these grants reflect weak budgetary controls. On being pointed out (August 2011), the departments did not intimate the reasons for these large savings (December 2011).

2.2.2 Persistent savings

In three cases, during the last five years, there were persistent savings of more than ₹ one crore in each case and also by 20 per cent or more of the total grant (Table 2.3). Under one Centrally Sponsored Scheme at Sr. No. 3, there was 100 per cent saving during the last four years which shows weak financial control.

Table 2.3: List of grants having persistent savings during 2006-11

<i>(₹ in crore)</i>						
Sr. No.	Number and Name of the grant/Head of Account	Amount of savings (percentage of savings in bracket)				
		2006-07	2007-08	2008-09	2009-10	2010-11
Revenue-voted						
1	21-Public Works 2215-Water Supply and Sanitation –Water Supply – Direction and Administration	57.48 (33.43)	43.62 (23.25)	71.89 (32.60)	54.53 (23.69)	80.54 (29.57)
Capital-Voted						
2	15-Irrigation and Power 4711-Capital Outlay on Flood Control Projects – Flood Control – Civil Works – Construction of Flood Protection and Drainage Works–Works expenditure (CSS)	10.00 (100)	7.20 (72.00)	7.07 (88.38)	1.70 (24.29)	5.00 (100.00)
3	15-Irrigation and Power 4711-Capital Outlay on Flood Control Projects-Flood Control-Civil Works-Works Expenditure Counter Protective Measures on Left Side of River Ravi (CSS)	8.38 (83.80)	10.00 (100)	8.00 (100)	7.00 (100)	5.00 (100.00)

Source: Appropriation Accounts

The matter was taken up with the Finance Department (September 2011) requesting them to explain the reasons for persistent savings. No reply was furnished by the Department (December 2011).

2.2.3 Excess over provisions requiring regularization

Article 205(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, The Governor shall cause to be laid before the House or the Houses of the Legislature of the State another statement showing the estimated amount of that expenditure or cause to be presented to the Legislative Assembly of the State a demand for such excess, as the case may be.

The excess expenditure amounting to ₹ 1,862.25 crore for the years 2007-10 had yet not been regularized under the provision of Article 205 (b) of the Constitution of India. In reply, the department stated (May 2011) that the excess expenditure will be got regularized from the State Legislative Assembly most likely up to the Budget Session 2012. The year-wise details of excess expenditure requiring regularization is summarized in **Table 2.4**.

Table 2.4: Excess over provisions requiring regularization

<i>(₹ in crore)</i>			
Year	Total number of Grants/ appropriations	Grant/ appropriation number	Amount of excess over provision
2007-08	6	8, 9, 12, 15, 19, 21	895.34
2008-09	4	3, 8, 12, 21	506.14
2009-10	4	3, 5, 8, 21	460.77
Total			1862.25

Source: Appropriation Accounts

The excess expenditure of ₹ 1828.96 crore in six grants (**Table 2.5**) during the year 2010-11 also require regularization under the above mentioned provisions.

Table 2.5: Excess over provisions requiring regularization during 2010-11

(₹ in crore)

Sr. No.	Number and title of grant		Total grant/ appropriation	Expenditure	Excess
Voted Grants					
1	8	Finance (Revenue)	7917.76	9194.17	1276.41
2	8	Finance (Capital)	37.27	37.39	0.12
3	21	Public Works (Revenue)	892.39	1366.32	473.93
4	22	Revenue and Rehabilitation (Capital)	10.31	34.18	23.87
5	28	28-Tourism and Cultural Affairs (Capital)	9.25	61.61	52.36
Charged Appropriation					
6	11	Health and Family Welfare (Revenue)	0.24	0.48	0.24
7	18	Personnel and Administrative Reforms (Revenue)	3.24	5.27	2.03
Total			8870.46	10699.42	1828.96

Source: Appropriation Accounts

2.2.4 Grant where expenditure in a case exceeded more than ₹ 200 crore and also by more than 20 per cent of the provisions

In the Grant No. 21-Public Works, there was excess expenditure by more than ₹ 200 crore and also more than 20 per cent of the total provision consistently for the last five years as detailed in **Table 2.6**, depicting another example of poor budgeting.

Table 2.6: Excess expenditure of more than ₹ 200 crore and also by more than 20 per cent of the provisions

(₹ in crore)

Year	Provision	Expenditure	Excess expenditure	
			Amount	Percentage
2006-07	718.64	1148.39	429.75	59.80
2007-08	725.72	1018.68	292.96	40.37
2008-09	772.49	1056.13	283.64	36.72
2009-10	792.62	1242.40	449.78	56.75
2010-11	892.39	1366.32	473.93	53.11

Source: Appropriation Accounts

The matter was taken up with the Government (August 2011), no reply has been received (December 2011).

2.2.5 Persistent excess expenditure

In three cases (**Table 2.7**), there was persistent excess expenditure of more than ₹ five crore in each case or by more than 20 per cent of the total grant

during the last five years. Under two schemes, there was 100 per cent excess expenditure during the last five years.

Table 2.7: List of grants having persistent excess expenditure during 2006-11

Sr. No.	Number and Name of the grant	Amount of excess expenditure (percentage of excess expenditure in brackets)				
		2006-07	2007-08	2008-09	2009-10	2010-11
<i>(₹ in crore)</i>						
Revenue-Voted						
08-Finance						
1	2071-Pensions and other Retirement benefits-01-Civil 105-Family Pensions	65.96 (46.47)	69.24 (48.90)	54.71 (24.28)	31.31 (9.98)	144.34 (35.45)
21-Public Works						
2	2059-Public Works 80-General 001-Direction and Administration 07-Establishment Charges paid to Public Health Department for Work done by that Department	25.77 (100.00)	28.54 (100.00)	22.02 (100.00)	27.29 (100.00)	45.73 (100.00)
3	3054-Roads and Bridges 80-General 001-Direction and Administration 01-Establishment charges transferred on pro-rata basis to the Major Head 3054-Roads and Bridges	86.20 (100.00)	48.13 (100.00)	42.62 (100.00)	74.72 (100.00)	6.29 (100.00)

Source: Appropriation Accounts

Despite the matter having been taken up with the concerned Chief Controlling Officers for intimating the reasons for persistent excess and for not providing adequate budget, no reply has been received so far (December 2011).

2.2.6 Expenditure without provision of funds

As per Para 14.1 of the Punjab Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 1,007.88 crore, was incurred in 42 cases under nine grants during 2010-11 (*Appendix 2.2*) without making any provision in the original estimates/ supplementary demands and without issuing any re-appropriation orders to this effect. No replies were furnished by the departments (December 2011).

2.2.7 Unnecessary supplementary provisions

Supplementary provisions of ₹ one crore or more in each case, aggregating to ₹ 1,464.65 crore obtained in 21 cases, during the year 2010-11 proved unnecessary as the expenditure did not come up to the level of the original provisions as detailed in *Appendix 2.3*. Some of the departments which obtained unnecessary supplementary provisions were Agriculture and Forests, Education, Irrigation and Power, Public Works and Rural Development and Panchayats.

2.2.8 Unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. During the year 2010-11, 33 re-appropriation orders for ₹ 3,232.46 crore were issued. These re-appropriation orders were issued in the month of March 2011 and as many as 32 orders on 31st March, 2011. Besides, four out of the 33 re-appropriation orders for ₹ 93.08 crore were found inappropriate and hence had to be ignored by the Accountant General (A&E), Punjab (*Appendix 2.4*).

During 2010-11, re-appropriations effected by the departments proved unnecessary (*Appendix 2.5*). In three² cases, reduction of provisions through re-appropriation proved injudicious as there was excess expenditure.

Despite the matter having been taken up with the concerned Chief Controlling Officers for intimating the reasons for unnecessary re-appropriation of funds, no reply has been received so far (December 2011).

2.2.9 Anticipated savings not surrendered

As per Rule 17.20 of the Punjab Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2010-11, in 19 cases there were savings ranging between ₹ 10 crore and ₹ 526.70 crore, but no part of the savings was surrendered by the concerned departments. The total amount involved in these cases was ₹ 1,959.91 crore (*Appendix 2.6*). Rural Development and Panchayats, Local Government, Housing and Urban Development were some of the departments which had not surrendered the anticipated savings which indicate inadequate budgetary control. On being pointed out (August 2011), the departments did not furnish any reasons regarding non-surrendering of the savings (December 2011).

Similarly, in 12 cases, after effecting partial surrender (₹ 280.14 crore out of ₹ 3,889.27 crore), savings ranging between ₹ 10.89 crore and ₹ 1,432.71 crore aggregating to ₹ 3,609.14 crore were not surrendered (*Appendix 2.7*). Some of the departments which surrendered the savings partially were Education, Finance, Animal Husbandry and Fisheries, Irrigation and Power, Public Works, Tourism and Cultural Affairs, Technical Education and Industrial Training and Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes.

2.2.10 Surrender in excess of the actual savings

In two cases, the amount surrendered (₹ 250 crore or more in each case) was in excess of the actual savings indicating lack of or inadequate budgetary control in Agriculture and Forests and Finance departments. As against saving of ₹ 594.61 crore, the amount surrendered was ₹ 690.02 crore resulting in excess surrender of ₹ 95.41 crore. The details are given in **Table 2.8**.

² Sr. No. 4, 26 and 42 of Appendix 2.5.

Moreover in grant No. 22 (Capital-Voted), an amount of ₹ four crore had been surrendered even though there was an excess of ₹ 23.87 crore under this grant.

Table 2.8: Surrender in excess of the actual savings (₹ 250 crore or more)

<i>(₹ in crore)</i>					
Sr. No.	Number and name of the grant/appropriation	Total grant/appropriation	Savings	Amount surrendered	Amount surrendered in excess
	(Revenue-Voted)				
1	1-Agriculture and Forests	1184.07	346.00	425.22	79.22
	(Revenue-Charged)				
2	8-Finance	5763.72	248.61	264.80	16.19
	Total	6947.79	594.61	690.02	95.41

Sources: Appropriation Accounts

Despite the matter having been taken up with the concerned Chief Controlling Officers for intimating the reasons for surrender in excess of savings, no reply has been received so far (December 2011).

2.2.11 Rush of expenditure

According to para 18.15 of the Manual of Instructions of the Finance Department, Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Scrutiny of expenditure incurred by the State Government in the year 2010-11 revealed that in 16 cases, the expenditure during the 4th quarter of the year ranged between 50.54 and 100 per cent of the total expenditure under the concerned head of accounts and the expenditure incurred during the month of March 2011 alone constituted 27.41 per cent of the total expenditure under the concerned head of accounts during the year. The details are given in **Table 2.9**.

Table 2.9: Rush of expenditure towards the end of the financial year 2010-11

<i>(₹ in crore)</i>						
Sr. No.	Major Head	Total expenditure during the year	Expenditure during the last quarter of the year		Expenditure during March 2011	
			Amount	Percentage of total expenditure	Amount	Percentage of total expenditure
1.	2075	3801.04	1997.81	52.56	490.70	12.91
2.	2225	239.72	148.46	61.93	77.25	32.23
3.	2236	77.76	42.74	54.96	23.00	29.58
4.	2801	3375.55	1705.93	50.54	1371.99	40.64
5.	3435	0.61	0.61	100.00	0.22	36.07
6.	3451	16.87	8.62	51.10	7.67	45.47
7.	4058	0.32	0.32	100.00	0.10	31.25
8.	4070	8.24	4.43	53.76	3.83	46.48
9.	4215	191.92	104.70	54.55	51.94	27.06
10.	4235	0.70	0.54	77.14	0.54	77.14
11.	4250	19.28	11.91	61.77	9.88	51.24
12.	4702	37.33	25.30	67.77	24.29	65.07
13.	4705	201.09	120.93	60.14	103.70	51.57
14.	4711	43.85	26.07	59.45	20.29	46.27
15.	4851	25.01	14.99	59.94	15.00	59.98
16.	5055	10.69	6.99	65.39	5.72	53.51
	Total	8049.98	4220.35	52.43	2206.12	27.41

Source: Monthly Accounts compiled by A.G. (A&E)

Appropriate action needs to be taken to regulate and systematize the procedure to avoid heavy expenditure during the last quarter/month of the financial year.

2.3 Outcome of review of selected Grants

2.3.1 A review of budgetary procedure and control over expenditure in two test checked grants i.e. Grant No. 22-Revenue and Rehabilitation and Grant No. 23- Rural Development and Panchayats for the year 2010-11 revealed the following:-

(i) Unrealistic budget provisions

Scrutiny revealed that in Grant No. 22 and 23 the departments either made unrealistic budget provisions or did not disburse the amount during 2010-11, as savings of ₹ one crore and more and also more than 20 *per cent* of the total provision in each case aggregating ₹ 698.60 crore were found in 17 minor heads/schemes (**Appendix 2.8**). Moreover there was saving of 100 *per cent* in eight schemes (Sr. No. 2 to 9). Some of the schemes that had huge savings were pertaining to Backward Region Grant Fund, Grant on the recommendation of Third Punjab Finance Commission to Panchayati Raj Institutions, Mahatma Gandhi National Rural Employment Guarantee Scheme (Plan), and Construction of Toilets in Villages. Thus, the original budgetary provisions proved excessive or unnecessary or the departments did not bother to use the funds at all.

On being pointed out (July 2011 and August 2011), Controller (Finance), Panchayati Raj, Department of Rural Development and Panchayats stated (August 2011) that the savings against Sr. No. 6 of Appendix 2.8 was due to the reason that only ₹ 184.99 crore was released by Punjab Government and bills were not passed by the Treasury. Information regarding amount of bills and the dates on which these bills were presented to the treasury was not furnished by the department. Against Sr. No. 3, 10 and 11, it was stated that these are Central schemes and balance under these schemes would be carried over to the next year. Against Sr. No. 5, it was stated that due to late release of central share, amount could not be utilized. Against Sr. No. 7, it was stated that amount of this scheme has been transferred to another head under the same grant. For the remaining items, no replies were furnished by the respective departments (December 2011).

(ii) Unnecessary supplementary grants/re-appropriations

Scrutiny revealed that in Grant number 22 and 23 the departments obtained supplementary grants in 13 cases (**Appendix 2.9**) which proved unnecessary as the expenditure did not come up to the level of the original provision during 2010-11. Moreover, in six cases (Sr. No. 3 to 7 and 13), there was no original provision and whole supplementary grant obtained in these cases remained unutilized. Such unnecessary supplementary grants indicate unrealistic budgetary projections.

On being pointed out (December 2011) regarding justification for obtaining supplementary grant and the reasons for non-utilization, Controller (Finance) stated that schemes mentioned at Sr. No. 7, 11 and 12 are Central schemes and

the balance under these schemes would be carried over to the next year. Against Sr. No. 10, it was stated that amount could not be utilized due to court case. Against Sr. No. 4 and 5, it was stated that 20 *per cent* of the amount received from Government of India has been disbursed to the Panchayati Raj Institutions and Utilization Certificates had been sent to the Finance Department, Government of India, New Delhi. For rest of items, the department did not furnish any reasons (December 2011).

(iii) Expenditure without provision of funds

As per Para 14.1 of the Punjab Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 143.63 crore in 12 cases (three cases under grant No. 22-Revenue and Rehabilitation and nine cases under grant No. 23-Rural Development and Panchayats) was incurred during 2010-11 (*Appendix 2.10*) without making any provision in the original estimates/ supplementary demands and without issuing any re-appropriation orders to this effect. On being pointed out (July, August and December 2011), no replies regarding the items on which the expenditure has been incurred and the manner in which these bills were passed by the treasury office were furnished by the department (December 2011).

(iv) Excess over provisions during 2010-11 requiring regularization

Article 205(b) of the Constitution of India provides that if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, The Governor shall cause that to be laid before the House or the Houses of the Legislature of the State another statement showing the estimated amount of that expenditure or cause to be presented to the Legislative Assembly of the State a demand for such excess, as the case may be.

The excess expenditure of ₹ 19.95 crore (*Appendix 2.11*) under grant No. 22 and 23 during the year 2010-11 require regularization under the above mentioned provision. On being pointed out regarding the reasons for excess expenditure (December 2011), no reply was furnished by the department (December 2011).

(v) Withdrawal of whole budget provision through re-appropriation

In Grant-22 under seven minor heads/schemes, whole budget provision was withdrawn (*Appendix 2.12*) through re-appropriation. Withdrawal of whole provision through re-appropriation dilutes the process of budget making and expenditure control. Similarly, under one scheme, ₹ 3.50 crore (87.50 *per cent*) were withdrawn out of ₹ 4.00 crore.

2.4 Conclusion and recommendations

Conclusion

During 2010-11, expenditure of ₹ 42,010.84 crore was incurred against total grants and appropriations of ₹ 46,704.26 crore resulting in savings of

₹ 4,693.42 crore. The overall savings of ₹ 4,693.42 crore was the result of savings of ₹ 6,522.38 crore, offset by excess of ₹ 1,828.96 crore. These excess require regularization under Article 205 of the Constitution of India.

In two cases, the amounts surrendered (₹ 250 crore or more in each case) were in excess of the actual savings, indicating lack of or inadequate budgetary control by the concerned departments. As against savings of ₹ 594.61 crore, amount surrendered was ₹ 690.02 crore, resulting in excess surrender of ₹ 95.41 crore.

There were 15 grants/appropriations under which savings of more than ₹ ten crore has occurred but the same had not been surrendered completely by the concerned departments. The total amount involved in these cases was ₹ 1,959.91 crore.

Recommendations

Budgetary control should be strengthened in all the Government departments, particularly in those departments where savings/excesses have been observed for the last four years regularly. Budget estimates should be prepared with due care and on realistic basis so that there are no huge savings/surrenders or excesses over the budget estimates. Issue of re-appropriation/surrender orders at the fag end, particularly on the last day of the year should be avoided. Excess expenditure over provision during the previous years should be got regularized. Anticipated savings should be surrendered as and when these are expected so that the amount could be got utilized on other schemes.

Chapter 3

Financial Reporting

Sound internal controls and compliance with rules and procedures contribute significantly to good governance. These also ensure relevant, reliable and timely financial reporting and thereby assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and appropriate decision making. This Chapter provides an overview of the State Government's compliance with various financial rules, procedures and directives during the year 2010-11.

3.1 Utilization certificates

3.1.1 Delay in submission of utilization certificates

Rule 8.14 of the Punjab Financial Rules Volume I stipulate that every order sanctioning a grant should specify its object clearly and time limit within which the grant is to be spent. The departmental officer drawing the grant-in-aid should be primarily responsible for certifying to the Accountant General (AG) where necessary, the fulfilment of the conditions attaching to the grant and furnish the certificate (Utilization Certificate) in such form and at such interval as may be agreed between the Accountant General (Accounts & Entitlement) and the Head of the Department concerned.

It was noticed that out of the 464 Utilization Certificates (UCs) due in respect of grants amounting to ₹ 570.05 crore paid during 2001-02 to 2010-11, 174 UCs (37.50 per cent) amounting to ₹283.85 crore were not furnished to the AG (A&E) as on 31 March 2011. The department-wise break-up of the outstanding UCs is given in *Appendix 3.1*. The age-wise position of pendency in submission of UCs is summarized in **Table 3.1**.

Table 3.1: Age-wise pendency of utilization certificates

Range of delay in number of years	Total grants paid upto 31 March 2011		Utilization certificates pending as on 31 March 2011	
	Number of sanctions	Amount	Number of UCs	Amount
0-1	119	214.55	110	142.13
1-3	311	218.11	54	53.28
3-5	33	108.68	9	85.38
5-7	-	-	-	-
7-9	1	28.71	1	3.06
Total	464	570.05	174	283.85

(₹ in crore)

Source: Office of the AG (A&E), Punjab

Out of the 174 outstanding UCs, 63 UCs involving ₹ 138.66 crore (48.85 per cent) were pending for period ranging between one and five years and one UC involving ₹ 3.06 crore pertaining to the Rural Development and Panchayats Department was outstanding since 2001-02. In the absence of UCs, it could not be ascertained whether the grants had been spent for the purposes for which they were given. The matter was taken up with the Administrative Secretaries of Education Department, Rural Development and Panchayats Department and Social Welfare Department. The Education Department¹, Cultural Affairs, Archaeology and Museums Department and Social Security and Development of Women and Children Department stated that UCs could not be submitted due to non-receipt of the same from respective field offices/executive agencies. The other departments, however, did not furnish any reply which indicates inadequate financial control over field units/executive agencies.

Due to late submission of UCs for the previous assistance by the Director cum Joint Secretary, Department of Welfare Punjab the central assistance amounting to ₹ 63.20 crore for the year 2010-11 was released by the Government of India (GoI) in March 2011 which could not be utilized in 2010-11 and the beneficiaries remained deprived of the intended benefits.

3.1.2 Submission of incorrect UCs

General Financial Rules 212(1) provides that UCs in respect of grants released by the Government of India (GoI) to the States are to be sent in the prescribed Form GFR 19-A within a stipulated period of 12 months after the end of the financial year.

It was noticed that grants of ₹ 32.22 crore received (2009-10) from GoI were further disbursed to field units by the Department of Welfare of Scheduled Castes and Backward Classes. Of which, UCs for ₹ 30.66 crore were still awaited from the concerned field units (*Appendix 3.2*). However, the entire amount was shown as utilized and UCs thereof were submitted by the head of the department to the GoI.

On being pointed out, the department stated (August 2011) that the amount was released for payment on the basis of actual claims. The reply was not tenable because though the amounts were released to field units, the actual utilization of the same was not ascertained by the department before submitting UCs to the GoI.

3.2 Unadjusted Abstract Contingent Bills

Under Rule 262 of Punjab Treasury Rules (PTR), a Drawing and Disbursing Officer (DDO) may draw money from treasury for contingent expenses. Further, as per Rule 274 and Note 4 there under read with Rule 276 *ibid*, on producing an Abstract Contingent (AC) bill during the month, the DDO will

¹ **Director, Public Instructions (Colleges) Punjab, Chandigarh. Director Public Instructions (Elementary Education) Punjab, Chandigarh and Director General, School Education cum Project Director, National Middle Education Mission Punjab, Chandigarh**

have to certify that the Detailed Contingent (DC) bills have been submitted to the Controlling Officer (CO) in respect of AC bills drawn more than a month before the date of that bill. On no account may an AC bill be cashed by treasury officer without this certificate. The CO may send the countersigned DC bills to AG (A&E) for adjustment of corresponding AC bills. However, during 2010-11, 476 AC bills amounting to ₹ 449.32 crore were withdrawn by different departments from various treasuries of the State, but no adjustment bills (DC Bills) their against were sent to AG (A&E) Punjab, as required under the Rules *ibid*.

In the absence of timely submission of DC bills for corresponding AC bills, possibilities of irregular classification, mis-utilisation of funds etc. can not be ruled out.

3.3 Delay in submission of Accounts/Audit Reports of Autonomous bodies

Five Autonomous Bodies have been set up by the State Government in the field of Legal Services, Science, Human Rights, Labour Welfare and Industries. In order to identify the institutions which attract audit under section 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of service) Act, 1971, the Government/Head of the Department is required to furnish to audit every year, detailed information about the financial assistance given to various institutions, the purposes for which assistance was given, and the total expenditure of the institutions. The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Reports (SARs) and their placement in the State Legislature is indicated in **Appendix 3.3**. The age-wise delays in submission of accounts by the Autonomous Bodies to Audit and placement of the SARs in the Legislature is given in **Table 3.2**.

Table 3.2: Detail of pending accounts/delays in submission of Accounts and tabling of SARs in the Legislature as on 31 March, 2011

Sr. No.	Name of the Autonomous body	Accounts received with delay	Extent of delay in submission of accounts (in Months)	Number of pending accounts	Pendency of submission of the SARs to the Legislature
1.	Punjab Legal Services Authority	-	-	1 (2009-10)	SARs for the years 2006-07 to 2008-09 were pending.
2.	Punjab Khadi and Village Industry Board	2007-08 2008-09	23 12	1 (2009-10)	SARs for the years 2008-09 was pending.
3.	Punjab State Human Rights Commission	2004-05 2005-06 2006-07 2007-08 2008-09	61 49 37 25 13	1 (2009-10)	SARs for the years 2001-02 and 2004-05 to 2008-09 were pending.
4.	Punjab Labour Welfare Board	-	-	8 (2002-03 to 2009-10)	SARs for the years 2000-01 and 2001-02 were pending.
5.	Pushpa Gujral Science City	2008-09	11	1 (2009-10)	SAR is not required to be placed in the State Legislature.

Note :Reasons for delay in submission of accounts and placement of SARs in the Legislature are not available

The Accounts of all the autonomous bodies for the year 2009-10 were awaited as of 31 March 2011. The Punjab Labour Welfare Board had not rendered its accounts since the financial years 2002-03 despite repeated comments in the Report of the Comptroller and Auditor General of India (CAG). There were delays ranging between 11 months and 61 months in submission of accounts of three Autonomous bodies. 12 SARs in respect of four autonomous bodies issued between May 2008 and January 2011 were pending to be placed before the legislature.

3.4 Departmental commercial undertakings

The departmental undertakings performing activities of commercial/quasi-commercial nature are required to prepare proforma accounts in the prescribed format annually showing the working results of operations so that the Government can assess their working. In the absence of timely finalisation of accounts, the results of the investment of the Government remain outside the purview of State Legislature and scrutiny by the Audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency could not be taken in time. Besides, the delay in all likelihood may also open the system to the risk of fraud and leakage of public money.

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Accountant General for Audit within a specified time frame. As of 31 March 2011, the Punjab Roadways (Transport Department) had not prepared its accounts since 2001-02. Despite repeated comments in the Reports of the CAG about the arrears in preparation of accounts, there is no improvement so far in preparation of the proforma accounts by this undertaking.

3.5 Creation of liability due to delay in transfer of funds

While implementing the recommendations of Twelfth Finance Commission (TFC), Thirteenth Finance Commission (ThFC) and the schemes under Backward Regions Grant Fund (BRGF) for supplementing the resources of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs), the GoI directed the States to transfer the grants given by it for the PRIs and ULBs, within 15 days of the same being credited to the States' account. In case of delayed transfer, the State Government shall transfer to the PRIs/ULBs an amount of interest at the rate equal to the bank rate of Reserve Bank of India alongwith the delayed transfer of grants.

Scrutiny of record in the Department of Rural Development and Panchayats, Punjab, Chandigarh revealed that GoI released grants of ₹ 49.50 crore (₹ 17.10 crore + ₹ 32.40 crore) and ₹ 81.62 crore (₹ 52.38 crore + ₹ 29.24 crore) on the recommendations of TFC and ThFC, respectively, and ₹ 26.90 crore under BRGF (*Appendix 3.4*) to State Government during October 2009 to August 2010. The funds were transferred to PRIs/ULBs/ implementing agencies with delay ranging between eight and 247 days (*Appendix 3.4*). As a result thereof the State Government had created a liability of

₹ 3.80 crore as interest payable to PRIs/ULBs/implementing agencies out of its own resources.

The matter was referred to Department/Government (September 2011). The Controller, Panchayati Raj (Finance), Rural Development and Panchayats Department stated that the delay in releasing the grants amounting to ₹ 32.40 crore and ₹ 52.38 crore was due to bills not being passed in the Treasury. The reply was not tenable because despite clear guidelines and mention already made in paragraph 3.1.4 of the Comptroller and Auditor General's Audit Report (Civil)-Government of Punjab for the year ended 31 March 2010 regarding avoidable payment of interest due to delay in transfer of grants by the Rural Development and Panchayats Department, the department failed to ensure the release of grants to the PRIs/ULBs within stipulated period of 15 days and created an avoidable liability of ₹ 3.80 crore.

No reply in respect of other grants was received (December 2011).

3.6 Misappropriations, thefts, losses etc.

Rule 2.33 to 2.35 of the Punjab Financial Rules (PFR) lay down detailed instructions regarding responsibility for losses sustained through fraud or negligence of individuals, loss or destruction of Government property and report thereof to the Police/Accountant General.

Out of 119 cases of misappropriation, theft, loss of material etc. involving an amount of ₹ 1.38 crore, pending upto 31 March 2010 or reported during 2010-11, 37 cases (₹ 4.89 lakh) have been settled during the year 2010-11 leaving 82 cases (₹ 1.33 crore) pending as on 31 March 2011. Of these pending cases, 68 cases (₹ 1.23 crore) were pending for the period ranging for one year to more than 25 years. Department wise detail of outstanding cases prior to 2010-11 is given in **Table 3.3** and age-wise profile is given in **Appendix 3.5**.

Table 3.3: Pending cases of theft, misappropriations and losses

(₹ in lakh)

Name of Department	Cases of theft		Cases of Misappropriation/ Loss of Government		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Education	3	4.26	6	12.39	9	16.65
Elections	2	0.21	-	-	2	0.21
Home Affairs and Justice	1	6.00	53	9.21	54	15.21
Health and Family Welfare	1	0.41	-	-	1	0.41
Printing and Stationery	-	-	1	80.30	1	80.30
General Administration	-	-	1	10.00	1	10.00
Total	7	10.88	61	111.90	68	122.78

Source: Information provided by the departments

Out of 68 cases, four cases involving amount of ₹ 0.62 lakh were sub-judice. The reasons for the delay in finalisation of pending cases of thefts, misappropriations, losses etc. are given in **Table 3.4**.

Table 3.4: Reasons for the delay in finalisation of pending cases of misappropriations, thefts and losses etc.

(₹ in lakh)

Reasons	Number of cases	Amount
Awaiting departmental and criminal investigation	6	10.58
Departmental action initiated but not finalised	9	101.94
Awaiting orders for recovery or write off	48	8.53
Pending in the courts of law	4	0.62
Criminal proceeding finalized but execution of certificated cases for the recovery of the amount pending	1	1.11
Total	68	122.78

Source: Information as provided by the departments

3.7 Non-release/delayed release of Government of India funds

The Government of India provides funds in the shape of central assistance to the State Government for implementing various schemes through different departments to facilitate the beneficiaries of the schemes. The main thrust of the schemes is to implement the schemes at grass root level and funds provided for are to be utilized for targeted beneficiaries. These grants are subject to certain conditions and State Government is responsible for releasing the funds provided by GoI and transferring the same to the implementing agencies within specified time in accordance with these conditions.

Test check of records of four departments as detailed in **Table 3.5** revealed that out of ₹ 166.16 crore (including ₹ 73.67 crore in March 2011) released by GoI during 2010-11, ₹ 105.50 crore (63.50 per cent) were not released by the concerned departments to field units/implementing agencies. Out of ₹ 60.66 crore, released by the departments with the delays ranging between one and six months only ₹ 38.73 crore were utilized resulting in non-utilization of GoI funds to the tune of ₹ 21.93 crore as indicated in **Table 3.5**.

Table 3.5 Statement showing distribution/status of Government of India funds during the year 2010-11

(₹ in lakh)

Sr. No	Name of the Department	Amount released by G.O.I	Amount released by the Deptt.	Range of delay (in months)	Amount utilized	Unspent balances	Amount not released by the Deptt.
1	Animal Husbandry	1083.25	808.89	1-6	528.43	280.46	274.36
2	Agriculture	1348.27	1232.44	3-6	1146.32	86.12	115.83
3	Sports	2160.33	1154.22	1-6	1140.91	13.31	1006.11
4	Social Welfare	12023.83	2870.51	---	1057.13	1813.38	9153.32
	Total	16615.68	6066.06	1-6	3872.79	2193.27	10549.62

Source: Information supplied by concerned Departments.

Non-release/delayed release of funds adversely affected the very purpose of schemes and deprived of intended benefits to the beneficiaries.

On being pointed out (September 2011), Director-cum-Joint Secretary, Department of Welfare replied that amount remained unspent due to late release of grant by GoI which was due to late submission of UCs by the State Government to GoI. No reply was received from other Departments (December 2011).

3.8 Opaqueness in Government Accounts

Scrutiny of Finance Accounts of the State Government for 2010-11 revealed that expenditure and receipts of ₹ 5,406.85 crore (15 *per cent* of the total expenditure) and ₹ 1,431.95 crore (five *per cent* of the total Revenue Receipts) respectively were classified under Minor Head-800- Other Expenditure/ Receipts under 62 Major expenditure heads and 47 Major receipt heads. An illustrative statement in respect of 20 Major Heads (expenditure) and nine Major Heads (receipts) with substantial amounts of ₹ 5,008.59 crore and ₹ 254.06 crore respectively classified under Minor Head-800 is given in *Appendix 3.6*.

It indicates that there was a high degree of opaqueness in the accounts. No proposals for restructuring of the accounts to reflect the current activities of the Government by way of opening of new minor heads/sub-heads of accounts have been taken up by the Government to address the problem on permanent basis.

3.9 Non-deposit of revenue receipts into the Consolidated Fund of the State

Article 266(1) of the Constitution of India provides that all revenues received by the State Government, all loans raised by the Government by the issue of treasury bills, loans or ways and means advances and all moneys received by the Government in repayment of loans shall form one Consolidated Fund to be entitled “the Consolidated Fund of the State”.

The Government of Punjab established some Funds through enactment of various Acts/issuance of ordinances and revenue receipts amounting to ₹ 7,667.13 crore (*Appendix 3.7*) collected during the period 2006-11 by various departments under such Acts were credited to these Funds in violation of the aforesaid constitutional provisions. Since these funds are neither part of annual budget proposals nor are expenditure under such funds reported to Accountant General (A&E) the legislature has no opportunity to exercise its oversight over such funds.

3.10 Irregular retention of Government receipts

Rule 2.4 of PFR Volume-I lays down that departmental receipts are to be credited in the Government accounts and utilization of these receipts towards expenditure is strictly prohibited.

Scrutiny of records (December 2010) in the office of the Chief Town Planner, Punjab, Chandigarh (CTP), revealed that an amount of ₹ 119.33 crore was received on account of Change of Land Use (CLU) charges levied under Punjab Regional and Town Planning Act, 1995 for the development of any land (residential, commercial, institutional and industrial etc.) for the purpose of construction of buildings during the period September 2007 to December 2010 which was not deposited into treasury as revenue receipts as required under the rules.

The CTP stated (January 2011) that the State Government had decided (February 2009) that CLU charges may be retained by GMADA to recoup the amount given by it to the State Government for the acquisition of land for Knowledge City, in Sector-81, SAS Nagar. The reply was not acceptable as the CLU charges are revenue receipts of the Government and to be deposited in the treasury.

Thus, imprudent decision of the State Government to allow GMADA to retain the total receipts on account of CLU charges amounting to ₹ 119.33 crore had resulted in keeping the revenue receipts outside the control of the Legislature in violation of the Article 266 of the Constitution of India as well as Punjab Financial Rules.

The matter was referred to the Government (May 2011), reply has not been received (December 2011).

3.11 Conclusion and Recommendations

Conclusion

Internal controls within the State Government Departments are not functioning as envisaged with regard to compliance with various rules and procedures instituted by the Government. In the absence of compliance with the basic requirement of compilation of accounts by the Government undertakings and bodies and non-accountal/adjustment of large amounts drawn on abstract contingent bills by the departmental authorities financial reporting cannot be accurate and reliable. Accounting various important items of expenditure relating to various sectors, revenue receipts etc. under omnibus Minor Head – 800 had rendered accounts of the State Government partially opaque. Delays in submission of UCs and submission of incorrect UCs, indicate the need of strengthening monitoring system of the State Accounts.

Recommendations

- *The State Government needs to strengthen control mechanism in the Government departments to ensure compliance with various rules and procedures.*
- *Watch timely submission of Utilization Certificates.*
- *Ensure timely submission of DC bills by the Controlling Officers.*
- *Expedite submission of the pending accounts by the autonomous bodies and the Punjab Roadways.*
- *Departmental enquiries in cases of mis-appropriation, theft etc. need to be expedited and the control system should be strengthened to prevent recurrence of such cases.*
- *Ensure timely transfer of GoI funds to PRIs/ULBs and other implementing agencies and booking of receipts and expenditure under appropriate heads of account.*

CHANDIGARH
The

(MOHINDER SINGH)
Pr. Accountant General (Audit), Punjab

Countersigned

NEW DELHI
The

(VINOD RAI)
Comptroller and Auditor General of India

Appendices

Appendix 1.1 (Referred to in paragraph 1, page 1)

State profile (Punjab)				
A. General Data				
Sr. No.	Particulars			Figures
1	Area			50362 sq km
2	Population			
	a.	As per 2001 Census		2.44 crore
	b.	2010-2011		2.77 crore
3 (a)	Density of Population (as per 2001 census) (All India Density = 325 persons per Sq.Km.)			484 sq. km.
(b)	Density of Population (as per 2011 census) (All India Density = 382 persons per Sq.Km.)			550 Sq. km.
4	Population below poverty line (All India Average = 27.5 per cent)			8.4 per cent
5 (a)	Literacy (as per 2001 census) (All India Average = 64.8 per cent)			69.65 per cent
(b)	Literacy (as per 2011 census) (All India Average = 74.04 per cent)			76.68 per cent
6	Infant mortality (per 1000 live births) (All India Average = 50 per 1000 live births)			38
7	Life Expectancy at birth. (All India Average =63.5 years)			69.4 years
8	Gini Coefficient ¹			
	a.	Rural (All India = 0.30)		0.28
	b.	Urban (All India = 0.37)		0.39
9	Gross State Domestic Product (GSDP) 2010-2011 at current prices			₹ 228754 crore
10	Per capita GSDP CAGR (2001-02 to 2010-11)		Punjab	9.71 per cent
			Other General Category States	11.32 per cent
11	GSDP CAGR (2001-02 to 2010-11)		Punjab	12.43 per cent
			Other General Category States	14.68 per cent
12	Population Growth (2001 to 2011)		Punjab	13.73 per cent
			Other General Category States	17.56 per cent
B. Financial Data				
Sr. No.	Particulars		Figures (in Per cent)	
			2001-02 to 2009-10	
			General Category States	Punjab
		CAGR		Punjab
	a.	of Revenue Receipts.	15.20	12.03
	b.	of Own Tax Revenue.	14.53	12.12
	c.	of Non Tax Revenue.	13.87	8.42
	d.	of Total Expenditure.	13.53	9.09
	e.	of Capital Expenditure.	22.61	10.37
	f.	of Revenue Expenditure on Education.	12.73	8.98
	g.	of Revenue Expenditure on Health.	11.97	5.94
	h.	of Salary and Wages	11.45	7.46
	i.	of Pension.	14.09	15.84
				19.90

Source: Financial data is based on figures in Finance Accounts. BPL (Planning Commission & NSSO data, 61st Round-<http://planning.commission.nic.in/data/database/Data0910/tab%202021.pdf>), Gini Coefficient (Unofficial estimates of Planning Commission & NSSO data, 61st Round 2004-05 MRP), Life Expectancy at birth (Office of the Registrar General of India; Ministry of Home Affairs; Economic Survey, 2010-11), Infant mortality rate (SRS Bulletin January, 2011), Density of population (Office of the Registrar General and census commissioner of India; Ministry of Home Affairs and Literacy (Office of the Registrar General of India; Ministry of Home Affairs).

¹ It is a measure of inequality of income distribution where zero refers to perfect equality and one refers to perfect inequality.

Appendix 1.2
(Referred to in paragraph 1.1, page 1)

**Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003
(amended upto March, 2011)**

The Government of Punjab had enacted the Punjab Fiscal Responsibility and Budget Management Act, 2003 (amended upto March 2011) to ensure prudence in fiscal management and to achieve fiscal stability in the State. To improve the fiscal position and to bring fiscal stability, the Act envisages progressive elimination of the revenue deficit, reduction in fiscal deficit and prudent debt management consistent with fiscal sustainability. The Act also provides for greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework and matters connected therewith or thereto. The Act, as amended, prescribed the following fiscal targets for the State:

- a) contain fiscal deficit as *per cent* of Gross State Domestic Product (GSDP) at 3.5 *per cent* in the financial years 2010-11, 2011-12, 2012-13 and at three *per cent* in the financial years 2013-14 and 2014-15 and maintain thereafter;
- b) reduce the revenue deficit as *per cent* of GSDP so as to bring it down to 1.8 *per cent* in the financial year 2011-12, 1.2 *per cent* in the financial year 2012-13, 0.6 *per cent* in the financial year 2013-14 and zero *per cent* or surplus in the financial year 2014-15 and maintain surplus thereafter;
- c) bring down its debt as *per cent* of GSDP to 42.5 *per cent* in the financial year 2010-11, 41.8 *per cent* in the financial year 2011-12, 41.00 *per cent* in the financial year 2012-13, 39.8 *per cent* in the financial year 2013-14 and 38.7 *per cent* in the financial year 2014-15;
- d) cap the outstanding guarantees on long term debt to 80 *per cent* of the revenue receipts of the previous year. Guarantees on short term debt were to be given only for working capital or food credit in which case this must be fully backed by physical stocks.

The Thirteenth Finance Commission (ThFC) in its report has recommended a revised roadmap for Fiscal Consolidation for States to reduce its fiscal deficit to three *per cent* of GSDP by the year 2014-15, maintain it at that level thereafter, reduce revenue deficit to zero or surplus by 2014-15 and bring down its debt as *per cent* of GSDP to 38.7 *per cent* by 2014-15. State was also asked to amend FRBM Act, 2003 to conform to these targets. The State Government has amended the FRBM Act, 2011 (Amendment) duly approved by the State legislature and the Fiscal Consolidation Roadmap (**Appendix 1.4**) for the years 2010-11 to 2014-15 has been prepared incorporating yearwise annual targets for revenue deficit, fiscal deficit and debt outstanding as per recommendations/guidelines of the commission/Government of India.

Appendix 1.3
(Referred to in paragraph 1.2, page 3)

**Abstract of receipts and disbursements for the year 2010-11 and summarised financial position
of the Government of Punjab as on 31 March 2011**
Part A – Abstract of receipts and disbursements for the year 2010-11

(₹ in crore)

2009-10	Receipts			2010-11	2009-10	Disbursements			2010-11	
1	2	3	4	5	6	7	Non Plan	Plan	Total	11
		Section-A: Revenue					8	9	10	
22156.58		I-Revenue receipts		27608.47	27407.94	I-Revenue expenditure-	30576.45	2320.73	32897.18	32897.18
	12039.48	(i)-Tax revenue	16828.18		15525.28	General services	18536.78	60.95	18597.73	
	5652.70	(ii)-Non-tax revenue	5330.17		6217.13	Social Services-	5687.78	1573.07	7260.85	
	2144.10	(iii) State's share of Union Taxes and Duties	3050.87		3645.24	-Education, Sports, Art and Culture	3683.50	402.56	4086.06	
	390.31	(iv)Non-Plan Grants	720.81		980.66	-Health and Family Welfare	1053.18	136.66	1189.84	
	1279.25	(v) Grants for State Plan Schemes	954.65		318.34	Water Supply, Sanitation, Housing and Urban Development	321.70	0.00	321.70	
	650.74	(vi) Grants for Central and Centrally Sponsored Plan Schemes	723.79		20.38	-Information and Broadcasting	20.48	3.48	23.96	
					112.98	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	56.85	182.93	239.78	
					91.05	-Labour and Labour Welfare	100.81	8.48	109.29	
					1035.32	-Social Welfare and Nutrition	434.89	838.96	1273.85	
					13.16	-Others	16.37	0.00	16.37	
					5218.62	Economic Services-	5712.23	686.71	6398.94	
					736.29	-Agriculture and Allied Activities	551.03	654.96	1205.99	
					102.41	-Rural Development	100.07	17.32	117.39	
					0.00	-Special Areas Programmes	0.00	0.00	0.00	
					768.66	-Irrigation and Flood Control	920.90	0.00	920.90	
					2874.67	-Energy	3376.24	0.00	3376.24	
					34.54	-Industry and Minerals	102.58	0.64	103.22	
					459.88	-Transport	508.91	0.00	508.91	
					2.21	-Science, Technology and Environment	1.46	1.97	3.43	
					239.96	-General Economic Services	151.04	11.82	162.86	
					446.91	Grants-in-aid Contributions	639.66	0.00	639.66	
						Total	30576.45	2320.73	32897.18	32897.18
5251.36		II. Revenue deficit carried over to Section B		5288.71		Revenue Surplus carried over to Section-B	--	--	--	--
27407.94		Total Section A		32897.18	27407.94					32897.18

Audit Report (State Finances) for the year ended 31 March 2011

2009-10	Receipts		2010-11	2009-10	Disbursements				2010-11
					Non Plan	Plan	Total		
		Section-B Others							
269.97		III-Opening Cash balance including Permanent Advances and Cash Balance Investment	225.77	Nil	III Opening Overdraft from Reserve Bank of India	-	-	-	-
0.50		IV – Misc Capital Receipts	0.45	2166.41	IV-Capital Outlay	218.06	2166.03	2384.09	2384.09
				125.70	General Services	60.95	123.81	184.76	
				699.23	Social Services-	4.25	659.21	663.46	
				176.29	-Education, Sports, Art and Culture	0.02	253.46	253.48	
				10.83	-Health and Family Welfare	3.04	37.17	40.21	
				492.62	Water Supply, Sanitation, Housing and Urban Development	0.48	345.51	345.99	
				1.00	-Information and Broadcasting	0.30	0.00	0.30	
				0.00	-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	0.00	3.50	3.50	
				0.46	-Social Welfare and Nutrition	0.41	0.29	0.70	
				18.03	-Others	0.00	19.28	19.28	
				1341.48	Economic Services-	152.86	1383.01	1535.87	
				2.62	-Agriculture and Allied Activities	0.00	17.31	17.31	
				93.11	-Rural Development	70.59	233.30	303.89	
				0.00	-Special Areas Programmes	0.00	0.00	0.00	
				567.44	-Irrigation and Flood Control	73.14	460.47	533.61	
				23.93	Energy	0.00	0.00	0.00	
				0.25	Industry and Minerals	0.01	25.00	25.01	
				558.25	Transport	9.12	574.28	583.40	
				0.00	Science Technology and Environment	0.00	0.00	0.00	
				95.88	General Economic Services	0.00	72.65	72.65	
270.47		TOTAL	226.22	2166.41	TOTAL	218.06	2166.03	2384.09	2384.09
1276.02		V Recoveries of Loans and Advances	597.45	28.84	V-Loans and Advances Disbursed	68.40	0.00	68.40	68.40
	1199.16	-From Power Projects	526.38	--	-For Power Projects	0.00	0.00	0.00	
	68.81	-From Government Servants	69.52	28.84	-To Government Servants	37.40	0.00	37.40	
	8.05	-From others	1.55	0.00	-To Others	31.00	0.00	31.00	

2009-10	Receipts			2010-11	2009-10	Disbursements			2010-11
						Non Plan	Plan	Total	
-	-	VI-Revenue surplus brought down	-		5251.36			5288.71	5288.71
10107.84		VII- Public debt receipts-		10934.37	5308.36				5952.88
	--	-External Debt	-		--	-	-	-	
	7011.22	-Internal debt other than ways and means Advances and Overdraft	6760.60		2109.17	-	-	2154.56	
	3025.22	-Net transactions under Ways and Means Advances	3980.84		3025.22	-	-	3613.01	
	-	-Net transactions under overdraft	-		--	-	-	-	
	71.40	-Loans and Advances from Central Government	192.93		173.97	-	-	185.31	
Nil	-	VIII- Appropriation to Contingency fund	-		Nil	-	-	-	
Nil	-	IX-Amount transferred to Contingency fund			Nil	-	-	-	-
22047.45		X-Public Account Receipts		27654.86	20721.04				25836.98
	2196.52	-Small Savings and Provident funds	2533.13		1347.71	1358.47	0.00	1358.47	
	243.55	-Reserve funds	199.68		35.20	188.01	0.00	188.01	
	15129.06	-Suspense and Miscellaneous	19449.59		15162.88	19441.97	0.00	19441.97	
	1683.45	-Remittances	1596.19		1644.07	1614.86	0.00	1614.86	
	2794.87	-Deposits and Advances	3876.27		2531.18	3233.67	0.00	3233.67	
NIL		XI Closing Overdraft from Reserve Bank of India	Nil	Nil	225.77	-	-	-118.16	-118.16
					--	-	-	-	
					-275.19	-694.28	0.00	-694.28	
					208.96	474.09	0.00	474.09	
					292.00	102.03	0.00	102.03	
33701.78		Total Section-B		39412.90	33701.78				39412.90
61109.72		Total		72310.08	61109.72				72310.08

Appendix 1.3 (continued)
(Referred to in paragraph 1.8.1, page 24)

Part - B - Summarized financial position of the Government of Punjab as on 31 March 2011			
As on 31.03.2010	LIABILITIES		(₹ in crore) As on 31.03.2011
49966.46	Internal Debt -		54940.33
22234.88	Market Loans bearing interest	26763.92	
0.15	Market Loans not bearing interest	0.15	
2.51	Loans from Life Insurance Corporation of India	1.75	
27728.92	Loans from other Institutions	27806.68	
0.00	Ways and Means Advances and Overdrafts from Reserve Bank of India	367.83	
3286.35	Loans and Advances from Central Government -		3296.96
41.02	Non-Plan Loans	40.17	
3197.41	Loans for State Plan Schemes	3215.40	
47.60	Loans for Centrally Sponsored Plan Schemes	41.07	
0.32	Pre 1984-85 Loans	0.32	
25.00	Contingency Fund		25.00
10182.44	Small Savings, Provident Funds, etc.		11357.09
2246.51	Deposits		2882.35
2289.20	Reserve Funds		2300.86
115.93	Remittance Balances		97.26
68111.89	TOTAL		74899.85
	ASSETS		
24703.03	Gross Capital Outlay on Fixed Assets -		27082.90
3832.41	Investments in shares of Companies, Corporations, etc.	3831.96	
20870.62	Other Capital Outlay	23250.94	
2852.90	Loans and Advances -		2323.85
1566.80	Loans for Power Projects	1040.43	
1171.62	Other Development Loans	1201.07	
114.48	Loans to Government servants and Miscellaneous loans	82.35	
0.68	Reserve Fund Investments		0.68
0.77	Advances		0.76
22.58	Suspense and Miscellaneous Balances		14.95
225.07	Cash (excluding investments RF)		-118.86
-	Cash in Treasuries and Local Remittances	-	
-275.19	Deposits with Reserve Bank	-694.28	
208.04	Departmental Cash Balance	473.17	
0.22	Permanent Advances	0.22	
292.00	Cash Balance Investments	102.03	
40306.86	Deficit on Government Account -		45595.57
5251.36	(i) Add Revenue Deficit of the current year	5288.71	
35055.50	Accumulated deficit at the beginning of the year	40306.86	
68111.89	TOTAL		74899.85

Appendix 1.4
(Referred to in paragraph 1.2.2, page 4)

FISCAL CONSOLIDATION ROADMAP FOR THE STATE FOR THE FINANCIAL YEAR 2010-11 TO 2014-15 AS PER RECOMMENDATIONS OF THE THIRTEENTH FINANCE COMMISSION

(₹ in crore)

Item	2009-10 (A/cs)	2010-11	2011-12	2012-13	2013-14	2014-15
1	2	3	4	5	6	7
i) Revenue Deficit as percentage of GSDP			1.80	1.20	0.60	0.00
ii) Fiscal Deficit as percentage of GSDP		3.50	3.50	3.50	3.00	3.00
iii) Outstanding Debt to GSDP ratio		42.50	41.80	41.00	39.80	38.70
B. Fiscal Consolidation Roadmap for the State	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1. Revenue Receipts	22156.58	30475.00	32027.00	35631.00	40194.00	45416.00
i) Share of Central taxes	2144.10	3207.00	3665.00	4398.00	5278.00	6333.00
ii) State's Own Taxes and Duties	12039.48	17396.00	20408.00	23103.00	26170.00	29665.00
a) Sales Tax/VAT (State Share)	7577.49	10000.00	11800.00	13570.00	15606.00	17946.00
b) State Excise	2100.92	2640.00	3250.00	3510.00	3790.00	4094.00
c) Stamps and Registration	1550.94	2500.00	2900.00	3335.00	3835.00	4411.00
d) Motor Vehicle Tax	554.74	700.00	800.00	864.00	933.00	1008.00
e) Electricity Duty	230.13	1520.00	1400.00	1540.00	1694.00	1863.00
f) Land Revenue	15.31	17.00	19.00	21.00	23.00	25.00
g) Entertainment Tax	9.95	19.00	239.00	263.00	289.00	318.00
iii) Non Tax Revenue	5652.70	6568.00	3126.00	3277.00	3439.00	3610.00
a) Interest Receipts	164.69	412.00	177.00	177.00	177.00	177.00
b) Police	51.88	71.00	78.00	86.00	94.00	104.00
c) Other Administrative Services	(-) 1.49	72.00	72.00	79.00	87.00	90.00
d) Misc. General Services	4780.12	4923.00	1657.00	1681.00	1699.00	1718.00
i) Lotteries	4037.39	3851.00	81.00	89.00	98.00	108.00
ii) Deposits/Contributions	21.70	1000.00	1500.00	1500.00	1500.00	1500.00
iii) Guarantee Fee	53.18	71.00	75.00	82.00	91.00	100.00
iv) Others	667.85	1.00	1.00	10.00	10.00	10.00
e) Education, Sports, Art & Culture	35.50	42.00	45.00	49.00	54.00	60.00
f) Medical and Public Health	45.13	68.00	72.00	79.00	87.00	96.00
g) Water Supply and Sanitation	41.26	45.00	50.00	55.00	60.00	67.00
h) Urban Development	80.48	83.00	94.00	103.00	114.00	125.00
i) Major and Medium Irrigation	34.62	300.00	300.00	330.00	363.00	399.00
j) Mining	37.98	60.00	65.00	71.00	79.00	87.00
k) Punjab Roadways	114.55	121.00	133.00	146.00	161.00	177.00
l) Civil Supplies	40.21	50.00	55.00	60.00	67.00	73.00
m) Others	227.77	321.00	328.00	361.00	397.00	437.00
iv) Grants from Centre	2320.30	3304.00	4328.00	4853.00	5307.00	5808.00
a) Non Plan	390.31	634.00	656.00	851.00	942.00	1046.00
i) 13th Finance Commission	0.00	366.00	626.00	818.00	906.00	1006.00

Audit Report (State Finances) for the year ended 31 March 2011

	2009-10 (A/cs)	2010-11	2011-12	2012-13	2013-14	2014-15
ii) Govt of India	390.31	268.00	30.00	33.00	36.00	40.00
b) State Plan	1279.25	1614.00	1949.00	2107.00	2281.00	2469.00
i) 13th Finance Commission	0.00	42.00	414.00	419.00	424.00	426.00
ii) Govt of India	1279.25	1572.00	1535.00	1688.00	1857.00	2043.00
c) Centrally Sponsored Schemes	612.54	723.00	1469.00	1616.00	1777.00	1955.00
d) Central Plan	38.20	333.00	254.00	279.00	307.00	338.00
v) ARM	0.00	0.00	500.00	0.00	0.00	0.00
Total Revenue Receipts(i+ii+iii+iv+v)	22156.58	30475.00	32027.00	35631.00	40194.00	45416.00
2. Revenue Expenditure	27407.94	34180.00	35406.00	38882.00	42171.00	44906.00
a) Interest Payments	5010.99	5499.00	6530.00	7130.00	7630.00	8130.00
b) Pension and Retirement benefits	3357.42	4048.00	4822.00	5304.00	5835.00	6418.00
c) Salaries	8095.43	10309.00	11067.00	12174.00	13391.00	14730.00
Arrears of Pay Commission		0.00	1500.00	1125.00	1125.00	0.00
d) Power Subsidy	2874.03	3376.00	3020.00	4020.00	4520.00	5020.00
e) Devolution to Local Bodies	446.91	1319.00	1474.00	1804.00	2029.00	2294.00
f) Civil Supplies	59.27	433.00	481.00	500.00	200.00	200.00
g) Natural Calamities	191.56	228.00	239.00	251.00	263.00	276.00
h) Lotteries	4006.13	3805.00	48.00	53.00	58.00	64.00
i) State Plan Expenditure	1136.54	2082.00	2623.00	2885.00	3174.00	3491.00
ii) CSS Expenditure	287.92	662.00	854.00	939.00	1033.00	1136.00
j)Others	1941.74	2419.00	2748.00	2697.00	2913.00	3146.00
i. Revenue Surplus (+)/Deficit (-) {1-2}	(-)5251.36	(-) 3705	(-) 3379	(-) 3251	(-) 1977	(+) 510
3. Capital Expenditure	2166.41	4029.00	5418.00	6502.00	7802.00	9362.00
i) Non Plan	186.51	287.00	254.00	305.00	366.00	439.00
ii) State Plan	1713.99	3178.00	4160.00	4992.00	5990.00	7188.00
iii) CSS	265.91	565.00	1004.00	1205.00	1446.00	1735.00
4) Loans and Advances (net)	1247.68	546.00	(-)4.00	(-) 4.00	(-) 4.00	(-) 4.00
i) Advances	28.84	68.00	80.00	80.00	80.00	80.00
ii) Recoveries	1276.02	614.00	84.00	84.00	84.00	84.00
iii) Other Capital Receipts	0.50	0.00	0.00	0.00	0.00	0.00
II. Fiscal Deficit (I-3+4)	(-)6170.09	(-) 7189	(-) 8801	(-) 9757	(-) 9783	(-) 8856
5. Outstanding Debt	63435	69549	77585	87342	97125	105981
6. GSDP at current prices	199459	228754	254931	290621	331308	377691
7. Revenue Deficit as percentage of GSDP	(-) 2.63	(-) 1.62	(-) 1.33	(-) 1.12	(-) 0.6	(+0.14)
8. Fiscal Deficit as percentage of GSDP	(-)3.09	(-) 3.14	(-) 3.45	(-) 3.36	(-)2.95	(-) 2.34
9. Outstanding Debt as percentage of GSDP	31.80	30.40	30.43	30.05	29.32	28.06

Appendix 1.5
(Referred to in paragraph 1.2.3, page 4)

Budget estimates vis-à-vis actuals for the year 2010-11

(₹ in crore)

	Actuals (2010-11)	Budget Estimates	Difference	Percentage Increase (+)/ Decrease(-)
Revenue Receipts	27608	29617	-2009	-6.78
<i>Of which</i>				
Tax Revenue	16828	17308	-480	-2.77
<i>Taxes on Sales, Trades etc.</i>	10017	9600	417	4.34
<i>State Excise</i>	2373	2520	-147	-5.83
<i>Taxes on vehicles</i>	654	645	9	1.40
<i>Stamps and Registration fees</i>	2318	2395	-77	-3.22
<i>Land Revenue</i>	19	17	2	11.76
Non-Tax Revenue	5330	6649	-1319	-19.84
State's share of Union taxes and duties	3051	2908	143	4.92
Grants in aid from GOI	2399	2753	-354	-12.86
Revenue Expenditure	32897	33405	-508	-1.52
<i>Of which</i>				
2040-Taxes on Sales, Trade etc.	107	77	30	38.96
2049-Interest Payments	5515	5764	-249	-4.32
2055-Police	2285	2111	174	8.24
2070-Other Administrative Services	187	840	-653	-77.74
2071-Pensions and Other Retirement Benefits	5309	3094	2215	71.59
2075-Misc General Services	3801	4039	-238	-5.89
2202-General Education	3942	4366	-424	-9.71
2210-Medical and Public Health	1071	1128	-57	-5.05
2215-Water Supply and Sanitation	300	283	17	6.01
2225-Welfare of SC, ST & OBC	240	335	-95	-28.36
2236-Nutrition	78	131	-53	-40.46
2245-Relief on account of Natural Calamities	219	493	-274	-55.58
2401-Crop Husbandry	590	739	-149	-20.16
2801-Power	3376	3120	256	8.21
3456-Civil Supplies	78	419	-341	-81.38
3604-Compensation and assignments to Local bodies and Panchayati Raj Institutions	640	1165	-525	-45.06
Salary and Wages	9750	9821	-71	-0.72
Subsidies	3480	3961	-481	-12.14
Capital Expenditure	2384	3062	-678	-22.14
4055-Capital outlay on Police	59	96	-37	-38.54
4210- Capital outlay on Medical and Public Health	40	73	-33	-45.21
4215 Capital outlay on Water Supply and Sanitation	180	266	-86	-32.33
4217-Capital outlay on Urban Development	166	538	-372	-69.14
4225-Capital outlay on Welfare of SCs, STs and OBCs	4	27	-23	-85.19
4515-Capital outlay on other Rural Development Programmes	304	158	146	92.41
Disbursement of Loans and Advances	68	28	40	142.86
Revenue Deficit	5289	3788	1501	39.63
Fiscal Deficit	7143	6706	437	6.52
Primary Deficit	1628	942	686	72.82
Financial Assistance to local bodies etc.	993	1369	-376	-27.47
Revenue deficit/GSDP	2.31	1.66	0.65	39.16
Fiscal deficit/GSDP	3.12	2.93	0.19	6.48
Primary deficit (surplus)/GSDP	0.71	0.41	0.30	73.17
Revenue Deficit/Fiscal Deficit	74.03	56.49	17.54	31.05

Appendix 1.6
(Referred to in paragraphs 1.4, 1.5.1 and 1.10.3, pages 8, 13 and 32)

Time Series Data on State Government finances					
					(₹ in crore)
	2006-07	2007-08	2008-09	2009-10	2010-11
Part A. Receipts					
1. Revenue Receipts	20567	19238	20713	22157	27608
(i) Tax Revenue	9017 (44)	9899 (51)	11150 (54)	12040(54)	16828(61)
Taxes on Sales, Trades etc.	4829(54)	5342(54)	6436 (58)	7578(63)	10017(60)
State Excise	1368(15)	1862(19)	1810 (16)	2101(17)	2373(14)
Taxes on vehicles	468(5)	499(5)	524 (5)	555(5)	654(4)
Stamps and Registration fees	1804(20)	1568(16)	1730 (16)	1551(13)	2318(14)
Land Revenue	15	17	16	15	19
Other Taxes	533 (6)	611 (6)	634 (5)	240(2)	1447(8)
(ii) Non-Tax Revenue	7744(38)	5254(27)	5784 (28)	5653(26)	5330(19)
(iii) State's share of Union taxes and duties	1566(7)	1975(10)	2084 (10)	2144(10)	3051(11)
(iv) Grants in aid from GOI	2240(11)	2110(11)	1695 (8)	2320(10)	2399(9)
2. Misc Capital Receipts	-	1	1	1	1
3. Recoveries of Loans and Advances	395	1445	78	1276	597
4. Total revenue and Non-debt capital receipts (1+2+3)	20962	20684	20792	23434	28206
5. Public Debt Receipts	4275	5662	5979	7083	7321
Internal Debt (excluding Ways & Means Advances and Overdrafts)	4254	5232	5701	7011	6760
Net transactions under Ways and Means advances and Overdrafts	-	-	-	-	368
Loans and Advances from Government of India	21	430	278	72	193
6. Total receipts in the Consolidated Fund (4+5)	25237	26346	26771	30517	35527
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Account Receipts	18357	19687	24306	22047	27655
9. Total receipts of the State (6+7+8)	43594	46033	51077	52564	63182
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	18544(86)	23061(91)	24569 (89)	27408(93)	32897(93)
Plan	981(5)	1164(5)	1422 (6)	1424(5)	2321(7)
Non-Plan	17563(95)	21897(95)	23147 (94)	25984(95)	30576(93)
General Services including interest payments	10339 (56)	12892 (56)	14032 (57)	15525(56)	18598(57)
Social Services	4104(22)	4333(19)	5483 (22)	6217(23)	7261(22)
Economic Services	3773(20)	5479(24)	4744 (19)	5219(19)	6399(19)
Grants in aid and Contributions	328(2)	357(2)	310 (2)	447(2)	640(2)
11. Capital Expenditure	2586(12)	2192(9)	2858 (10)	2166(7)	2384(7)
Plan	2360(91)	1920(88)	2603 (91)	1980(91)	2166(91)
Non-Plan	226(9)	272(12)	255 (9)	186(9)	218(9)
General Services	94(4)	135(6)	187 (7)	126(6)	185(8)
Social Services	370(14)	490(22)	1145 (40)	699(32)	663(28)
Economic Services	2122(82)	1567(72)	1526 (53)	1341(62)	1536(64)
12. Disbursement of Loans and Advances	444(2)	35(0.14)	55 (0.20)	29(0.10)	68(0.19)
13. Total (10+11+12)	21574	25288	27482	29603	35349
14. Repayments of Public Debt	5171	1719	1835	2283	2340
Internal Debt (excluding Ways and Means Advances and Overdraft)	1142	1361	1662	2109	2155
Net transactions under Ways and Means advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	4029	358	173	174	185
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	26745	27007	29317	31886	37689
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Account disbursements	17791	18751	22591	20721	25837
19. Total disbursements by the State (16+17+18)	44536	45758	51908	52607	63526

Part C. Deficits					
20. Revenue Deficit (1-10)	2023	-3823	-3856	-5251	-5289
21. Fiscal Deficit (4 – 13)	-612	-4604	-6690	-6170	-7143
22. Primary Deficit (21-23)	3540	-77	-1788	-1159	-1628
Part D. Other data					
23. Interest Payments (included in the revenue expenditure)	4152	4527	4902	5011	5515
24. Financial Assistance to local bodies etc.	594	694	611	941	993
25. Ways and Means Advances/Overdraft availed (days)	0	40	23	141	121
Ways and Means Advances availed (days)	-	40	23	141	121
Overdraft availed (days)	-	-	-	29	14
26. Interest on WMA/Overdraft	-	1	1	7	5
27. Gross State Domestic Product (GSDP)	126791	152772	175064	199459	228754
28. Outstanding fiscal liabilities (year end)	51035	55982	61850	67967	74778
29. Outstanding Guarantees (year end) (Including interest)	13919	11014	25868	33295	40332*
30. Maximum amount guaranteed (year end)	25697	26094	46815	51357	Nil #
31. Number of incomplete projects	11	11	13	34	19
32. Capital blocked in incomplete projects	1350	956	1177	1630	358
Part E. Fiscal Health Indicators					
I Resource Mobilization					
Own Tax revenue/GSDP	7.11	6.48	6.37	6.04	7.36
Own Non-tax revenue/GSDP	6.11	3.44	3.30	2.83	2.33
Central Transfers/GSDP	1.24	1.29	1.19	1.07	1.33
II Expenditure Management					
Total Expenditure/GSDP	17.02	16.55	15.70	14.84	15.45
Total Expenditure/Revenue Receipts	104.90	131.45	132.68	133.61	128.04
Revenue Expenditure/Total Expenditure	85.96	91.19	89.40	92.59	93.06
Expenditure on Social Services/ Total Expenditure	20.74	19.07	24.12	23.36	22.42
Expenditure on Economic Services/ Total Expenditure	27.32	27.86	22.82	22.16	22.45
Capital Expenditure/Total Expenditure	11.99	8.66	10.40	7.32	6.74
Capital Expenditure on Social & Economic Services/ Total Expenditure	11.55	8.13	9.72	6.89	6.22
III Management of fiscal Imbalances					
Revenue deficit (surplus)/GSDP	1.60	-2.50	-2.20	-2.63	-2.31
Fiscal deficit/GSDP	-0.48	-3.01	-3.82	-3.09	-3.12
Primary deficit (surplus)/GSDP	2.79	-0.05	-1.02	-0.58	-0.71
Revenue Deficit/Fiscal Deficit	-330.56	83.04	57.64	85.11	74.04
Primary revenue balance/GSDP	5.18	1.41	0.64	0.52	0.36
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	40.25	36.64	35.33	34.08	32.69
Fiscal Liabilities/RR	248.14	291.00	298.61	306.75	270.86
Primary deficit vis-à-vis quantum spread	(-)158.82	(-)5.09	(-) 49.21	(-)22.57	(-) 34.43
Debt Redemption (Principal + Interest)/Total Debt Receipts	150.02	65.9	92.51	92.72	92.58
V Other Fiscal Health Indicators					
Return on Investment	0.05	0.01	0.02	0.02	0.02
Balance from Current Revenue (Rupees in crore)	2252	(-)3656	(-) 3637	(-)5757	(-)4650
Financial Assets/Liabilities	46.59	44.38	43.42	40.82	39.12

* This figure does not include interest

Information not supplied by State Government (June 2011)

Appendix 2.1
(Referred to in paragraph 2.1, page 36)

Statement of grants/appropriations where savings occurred		
<i>(₹ in crore)</i>		
Sr. No.	No. of the grant or appropriation	Savings
Voted (Revenue)		
1	1	346.00
2	2	37.89
3	3	10.22
4	4	14.23
5	5	801.98
6	6	10.56
7	7	17.80
8	9	355.35
9	10	15.83
10	11	121.92
11	12	65.10
12	13	0.09
13	14	3.41
14	15	134.73
15	16	13.03
16	17	192.44
17	18	13.65
18	19	7.47
19	20	0.00*
20	22	179.25
21	23	526.70
22	24	64.42
23	25	201.97
24	26	2.43
25	27	2.78
26	28	80.19
27	29	16.97
28	30	1.04
Charged (Revenue)		
29	1	0.36
30	2	0.01
31	3	2.17
32	5	0.65
33	7	0.06
34	8	248.61
35	9	0.01
36	10	2.03
37	12	4.89
38	19	0.02
39	21	9.24
40	22	0.16

41	25	0.03
42	26	0.24
43	27	0.02
44	29	0.01
45	30	0.09
Med (Capital)		
46	1	2.77
47	2	6.46
48	5	89.15
49	9	1.28
50	10	8.09
51	11	32.79
52	12	61.39
53	13	26.18
54	15	265.68
55	17	380.28
56	19	9.79
57	21	284.61
58	23	166.75
59	24	3.45
60	25	96.99
61	27	94.31
62	29	9.53
Gratd (Public Dbt)		
63	8	1476.83
Total		₹8

* Though there was a provision of ₹ 1,000 (Revenue-Voted) under grant-20 (which remained fully unutilized), yet it has been shown as zero due to rounding off.

Appendix 2.2
(Referred to in paragraph 2.2.6, page 40)

Statement showing expenditure incurred without budget provision

Sr. No.	Number and name of grant	Amount of expenditure without provision (₹in crore)	Head of Account
1	1-Agriculture and Forests	117.12	2401-001-01-Direction (Plan)
2		105.00	2415-01-120-01-Assistance to Punjab Agriculture University (Plan)
3		2.16	4059-01-001-01-Development of Mandies (Plan)
4	5-Education	2.48	2202-03-103-13-Grant-in-aid to Government Colleges, Jalalabad, Amargarh, Talwara and Others (Plan)
5		1.07	2202-03-103-11-PUNJab Open University (Plan)
6		1.01	2202-02-109-28-Education Guarantee Scheme (Plan)
7	10-General Administration	3.80	4070-800-98-12-Infrastructure and Construction of Building for e-governance Project (Plan)
8	14-Information and Public Relations	1.91	2220-60-01-001-Direction (Plan)
9	15-Irrigation and Power	23.40	2700-19-800-07-Other Expenditure including Interest
10		17.45	2700-03-800-07-Other Expenditure including Interest
11		6.97	2700-01-800-07-Other Expenditure including Interest
12		5.40	2700-04-799-Suspense
13		1.95	2700-11-800-07-Other Expenditure including Interest
14		18.43	2701-05-800-07-Other Expenditure including Interest
15		16.01	2701-13-800-07-Other Expenditure including Interest
16		11.47	2701-39-800-07-Other Expenditure including Interest
17		7.28	2701-40-800-07-Other Expenditure including Interest
18		4.58	2701-26-800-07-Other Expenditure including Interest
19		1.04	2701-38-800-07-Other Expenditure including Interest
20		34.49	4700-05-99-Suspense
21		3.94	4700-04-99-Suspense
22		1.03	4700-01-99-Suspense
23		9.80	4701-06-800-08-Works Expenditure (Plan)
24		4.20	4701-38-800-08-Works Expenditure (Plan)
25		2.84	4701-06-799-Suspense (Plan)
26		16.31	4711-03-99-Suspense (Plan)
27		3.06	4711-01-99-Suspense (Plan)

28	21-Public Works	219.13	2059-80-799-Suspense
29		45.73	2059-001-07-Establishment Charges paid to Public Health Department for work done by that Department
30		106.37	2215-01-799-Suspense
31		74.73	2515-799-Suspense
32		6.52	3054-80-799-Suspense
33		6.29	3054-001-01-Establishment Charges transferred on pro-rata basis to the Major Head "3054" Roads and Bridges
34		80.35	5054-80-797-01-Amount transferred to Subvention from Central Road Fund (Plan)
35		16.47	4059-80-51-13-Mini Secretariat (Plan)
36		6.16	5053-02-10207-Acquisition of Land for Development of Civil Enclave at Indian Airport Station at Bathinda and Opening of Flying Training Academy near Bathinda (Plan)
37		4.44	4215-01-102-14-Completion of Pilot Project under Integrated Rural Water Supply and Environmental Sanitation Projrct (Plan)
38		1.00	4202-01-202-13-Opening of Adarsh School in each Block of the State (Plan)
39	27-Technical Education and Industrial Training	9.91	4250-800-02-Creation of it is of Excellence in Punjab (CSS)
40	28-Tourism and Cultural Affairs	3.02	5452-01-800-09-Tourist Reception Centre at Amritsar through Improvement Trust, Amritsar (ACA) (Plan)
41		2.00	5452-01-800-23-Introduction of Information Technology in Tourism (Plan)
42	29-Transport	1.56	5055-800-08-Computerization in Transport Department (Plan)
	Total	1007.88	

Appendix 2.3
(Referred to in paragraph 2.2.7, page 40)

Statement showing cases where supplementary provisions (one crore or more in each case) proved unnecessary

(₹ in crore)

Sr. No.	Number and name of grant	Original provision	Actual expenditure	Savings out of Original provision	Supplementary provision
A-Revenue (Voted)					
1	1-Agriculture and Forests	1008.06	838.07	169.99	176.01
2	2-Animal Husbandry and Fisheries	301.66	285.39	16.27	21.62
3	3-Co-operation	85.36	76.35	9.01	1.21
4	5-Education	4492.07	4077.88	414.19	387.79
5	6-Elections	32.07	23.86	8.21	2.35
6	9-Food and Supplies	420.75	79.25	341.50	13.84
7	10-General Administration	136.47	129.85	6.62	9.20
8	11-Health and Family Welfare	1319.62	1248.85	70.77	51.15
9	18-Personnel and Administrative Reforms	28.92	17.33	11.59	2.06
10	19-Planning	28.48	26.64	1.84	5.63
11	22-Revenue and Rehabilitation	921.90	785.22	136.68	42.57
12	23-Rural Development and Panchayats	996.39	588.16	408.23	118.46
13	24-Science, Technology and Environment	15.15	3.43	11.72	52.70
14	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	1278.66	1127.75	150.91	51.06
Total of Revenue (Voted)		11065.56	9308.03	1757.53	935.65
B-Capital (Voted)					
15	5-Education	167.51	114.33	53.18	35.97
16	12-Home Affairs and Justice	98.46	60.85	37.61	23.78
17	15-Irrigation and Power	744.30	613.83	130.47	135.21
18	17-Local Government, Housing and Urban Development	541.69	165.76	375.93	4.36
19	21-Public Works	912.10	879.12	32.98	251.63
20	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	29.00	4.06	24.94	72.05
Total of Capital (Voted)		2493.06	1837.95	655.11	523.00
C-Revenue (Charged)					
21	21-Public Works	4.45	1.21	3.24	6.00
Total of Revenue (Charged)		4.45	1.21	3.24	6.00
Grand Total		13563.07	11147.19	2415.88	1464.65

Appendix 2.4
(Referred to in paragraph 2.2.8, page 41)

List of Re-appropriation orders which were not accepted by the Accountant General (A&E), Punjab

Sr. No.	Grant No.	Gross amount of re-appropriation order (₹ in crore)	Authority by which order was issued	Brief reasons for rejections
1	5-Education	31.79	Principal Secretary to Government of Punjab, Higher Education, Chandigarh.	(i) Re-appropriation order made to the new scheme. (ii) Surrenders/ withdrawals used without prior permission of Finance Department. (iii) Re-appropriation made from 'Capital section' to 'Revenue section'.
2	11-Medical and Public Health	0.06	Principal Secretary to Government of Punjab, Department of Health and Family Welfare, Chandigarh.	(i) Total of the re-appropriation order in respect of 'From' and 'To' sides do not tally. (ii) Saving of Plan used in Non Plan side.
3	27-Technical Education and Industrial Training	25.85	Principal Secretary, Technical Education and Industrial Training, Punjab, Chandigarh.	(i) Total of the re-appropriation order in respect of 'From' and 'To' sides do not tally. (ii) Surrenders/withdrawal used without prior permission of Finance Department.
4	29-Transport	35.38	Secretary to Government of Punjab, Department of Transport, Chandigarh.	(i) Total of the re-appropriation order in respect of 'From' and 'To' sides do not tally. (ii) Surrenders/ withdrawal used without prior permission of Finance Department.
Total		93.08		

Appendix 2.5
(Referred to in paragraph 2.2.8, page 41)

Statement showing unnecessary re-appropriation of funds

(₹ in crore)

Sr. No.	Number and Name of grant/Head of Account	Original grant	Supplementary grant	Re-appn.	Total	Expenditure	Saving(-)/ Excess(+)
	1-Agriculture and Forests						
1	2401-103-13-Scheme for Subsidy on Replacement of wheat Seed (Plan)	4.75	0.00	0.19	4.94	1.19	(-) 3.75
2	2702-03-103-03-Boring and Tubewell Organisation	6.52	0.00	0.13	6.65	4.33	(-) 2.32
3	2402-102-20-Centrally Sponsored Scheme for Micro Irrigation on Horticulture (Plan)	2.15	0.00	1.49	3.64	2.13	(-) 1.51
4	4402-102-06-Centrally Sponsored Macro Management Work Plan for Soil Conservation Department (Plan)	0.80	0.00	(-) 0.15	0.65	4.74	(+) 4.09
	2-Animal Husbandry and Fisheries						
5	2404-789-03-Strengthening of Punjab Diary Development Board (Plan)	1.00	0.00	0.50	1.50	0.50	(-) 1.00
	8-Finance						
6	2049-01-305-01-Management of Debt	4.50	0.00	0.44	4.94	3.08	(-) 1.86
	12-Home Affairs and Justice						
7	2055-104-01- Special Police	466.17	40.77	1.21	508.15	502.80	(-) 5.35
8	2055-101-01- Criminal Investigation Department	115.67	9.64	0.28	125.59	123.91	(-) 1.68
9	2056-101-02-District Jails	34.22	3.24	0.89	38.35	36.66	(-) 1.69
10	2070-107-01- Home Guards Urban and Rural Wing	65.97	39.40	0.19	105.56	103.57	(-) 1.99
11	4055-800-09- Direction and Administration	0.00	0.65	0.97	1.62	0.00	(-) 1.62
	14-Information and Public Relations						
12	2220-60-101-02- Display Advertisement (Plan)	4.50	0.00	1.57	6.07	1.23	(-) 4.84
	15-Irrigation and Power						
13	2701-80-001-01-Direction	107.03	0.06	3.84	110.93	0.01	(-) 110.92
14	2711-01-001-01- Direction and Administration	83.48	3.21	3.86	90.55	78.84	(-) 11.71
15	2702-03-102-01-Direction	12.48	0.06	1.11	13.65	12.47	(-) 1.18
16	4701-03-001-03-Execution (Plan)	8.32	0.00	0.68	9.00	7.72	(-) 1.28
17	4700-05-001-08-Works Expenditure (Plan)	9.75	0.00	7.98	17.73	0.25	(-) 17.48
18	4702-800-10-03-Execution (Plan)	3.36	0.00	0.68	4.04	3.02	(-) 1.02
19	4701-50-800-08-Works Expenditure (Plan)	15.00	0.00	15.00	30.00	0.00	(-) 30.00
20	4701-49-800-08-Works Expenditure (Plan)	5.00	0.00	3.00	8.00	0.00	(-) 8.00
21	4701-13-789-01-Remodelling/ Construction of New Distributaries/ Minors	3.30	0.00	6.70	10.00	0.00	(-) 10.00
22	4711-03-103-46-Improving Agriculture Production by Controlling Water Logging Problem in Mukatsar District	1.00	0.00	1.00	2.00	0.00	(-) 2.00
23	4711-03-103-52-Construction of 3 No. Bridges on Kasur Nallah (Plan)	1.50	0.00	0.40	1.90	0.00	(-) 1.90
24	4705-789-02-Construction of Field Channels on Shirhind Feeder Phase-II Canal System on Matching Grant Basis (Plan)	2.50	0.00	3.50	6.00	0.00	(-) 6.00
25	4702-800-12-Artificial Recharge to Augment Declining Ground Water Resources (Plan)	0.01	0.00	1.82	1.83	0.00	(-) 1.83
26	4700-01-800-08-Works Expenditure	25.10	0.00	(-) 1.00	24.10	32.39	(+) 8.29
	21-Public Works						
27	5054-03-800-10-Central Road Fund (Plan)	76.79	52.80	0.21	129.80	116.24	(-) 13.56
28	5054-03-101-04- Improving/ Widening of Existing Roads	0.00	0.00	30.00	30.00	0.00	(-) 30.00

	22-Revenue and Rehabilitation						
29	2245-05-101-01-Transfer of Reserve Funds and Deposit Accounts- State Disaster Response Fund	186.36	0.00	36.56	222.92	111.46	(-) 111.46
30	2053-800-05-Honorarium to Lambardars	19.01	0.00	0.06	19.07	16.72	(-) 2.35
	25-Social and Women's Welfare and Welfare of Scheduled Castes and Backward Classes						
31	2225-03-277-04-Scheme of Post-Matric Scholarship to Other Backward Classes for Studies in India (CSS)	7.50	0.00	12.50	20.00	4.97	(-) 15.03
32	2225-01-789-45-Providing Infrastructure Facilities in Border Districts, Villages/ Blocks having 50% or more SC Population (CSS)	2.50	0.00	1.00	3.50	2.50	(-) 1.00
33	2235-02-102-09-Integrated Child Development Service Scheme (CSS)	143.53	1.22	0.38	145.13	128.76	(-) 16.37
34	2235-02-103-03-Financial Assistance to Widows and Destitute Women (Social Security Fund) (Plan)	35.00	0.00	4.98	39.98	22.31	(-) 17.67
35	2235-60-789-09-01-Indira Gandhi National Old Age Pension (Plan)	22.00	0.00	0.53	22.53	18.54	(-) 3.99
36	2235-60-102-01-03-Indira Gandhi National Pension Scheme (Plan)	1.80	0.00	1.97	3.77	1.64	(-) 2.13
37	2225-01-789-57-Coaching for BPL SC Students for IAS, PCS, PMT, IIT and AIEEE through reputed Institutes (CSS)	0.10	0.00	0.90	1.00	0.00	(-) 1.00
38	2225-01-789-58-Scheme to Assist BPL SC Students covered under the existing plan scheme, New Courses/ Vocational Training in ITTs for SC Students (CSS)	0.10	0.00	3.70	3.80	0.00	(-) 3.80
39	2236-80-800-01-Rajive Gandhi Scheme for Empowerment of Adolescent Girls "Sabla" (CSS)	0.10	0.00	3.70	3.80	0.00	(-) 3.80
40	4225-01-789-04-House to Houseless SCs in Rural and Urban Areas (Plan)	20.00	71.49	3.51	95.00	0.00	(-) 95.00
	27-Technical Education and Industrial Training						
41	4202-02-105-14-Converting Technical Institutions of Rural Area of Punjab into Multipurpose academies for enhancement of Skill Development and Employable of Rural Youth under NABARD Project (Plan)	22.50	0.00	14.50	37.00	0.00	(-) 37.00
	28-Tourism and Cultural Affairs						
42	5452-01-800-06-Scheme for Development of Attari/ Wagha, Amritsar and Patiala as Tourist Destination (Plan)	2.00	0.00	(-) 2.00	0.00	7.58	(+) 7.58
	Total	1523.37	222.54	171.93		1349.56	(-) 585.09
				(-)3.15			(+) 19.96
			Net	168.78			(-) 565.13

Appendix 2.6
(Referred to in paragraph 2.2.9, page 41)

Statement of grants in which savings exceeding ₹ 10 crore were not surrendered		
		(₹ in crore)
Sr. No.	Number and Name of grant/appropriation	Savings
Revenue (Voted)		
1	3-Co-operation	10.22
2	6-Elections	10.56
3	7-Excise and Taxation	17.80
4	10-General Administration	15.83
5	11-Health and Family Welfare	121.92
6	12-Home Affairs and Justice	65.10
7	15-Irrigation and Power	134.73
8	16-Labour and Employment	13.03
9	17-Local Government, Housing and Urban Development	192.44
10	18-Personnel and Administrative Reforms	13.65
11	23-Rural Development and Panchayats	526.70
12	24-Science, Technology and Environment	64.42
13	29-Transport	16.97
Capital (Voted)		
14	5-Education	89.15
15	11-Health and Family Welfare	32.79
16	12-Home Affairs and Justice	61.39
17	13-Industries	26.18
18	17-Local Government, Housing and Urban Development	380.28
19	23-Rural Development and Panchayats	166.75
Total		1959.91

Appendix 2.7
(Referred to in paragraph 2.2.9, page 41)

Details of grants/appropriations in which even after partial surrender there were savings of ₹10 crore and above in each case

(₹in crore)				
Sr. No.	Number and Name of grant/ Appropriation	Savings	Savings surrendered	Savings not surrendered
Revenue (Voted)				
1	2-Animal Husbandry and Fisheries	37.89	15.84	22.05
2	4-Defence Services Welfare	14.23	3.34	10.89
3	5-Education	801.98	3.12	798.86
4	9-Food and Supplies	355.35	0.02	355.33
5	22-Revenue and Rehabilitation	179.25	0.50	178.75
6	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	201.97	49.12	152.85
7	28-Tourism and Cultural Affairs	80.19	17.68	62.51
Capital (Voted)				
8	15-Irrigation and Power	265.68	38.14	227.54
9	21Public Works-	284.61	54.03	230.58
10	25-Social and Women's Welfare and Welfare of Scheduled Casts and Backward Classes	96.99	2.00	94.99
11	27-Technical Education and Industrial Training	94.31	52.23	42.08
Capital (Charged)				
12	8-Finance	1476.83	44.12	1432.71
Total		3889.28	280.14	3609.14

Appendix 2.8
(Referred to in paragraph 2.3.1(i), page 43)

Statement showing savings in grant No. 22 and 23						
(₹ in crore)						
Sr. No.	Name of scheme	Total Grant	Expenditure	Savings	Per Cent	Name of Deptt.
Grant-22						
1	2245-Relief on Account of Natural Calamities 05-State Disaster Response Fund 101- Transfer to Reserve Funds and Deposit Accounts-State Disaster Response Fund 01-Transfer to Reserve Funds and Deposit Accounts-State Disaster Response Fund	222.92	111.46	111.46	50.00	Revenue Deptt.
2	2053-District Administration 093-District Establishment 01-District Establishments	13.31	0.00	13.31	100.00	Revenue Deptt.
Grant-23						
3	2501-Special Programme for Rural Development, 01- Integrated Rural Development Programme, 001- Direction and Administration, 06-Setting up of Rural Haats (Plan)	1.40	0.00	1.40	100.00	Rural Development and Panchayats
4	2501-Special Programme for Rural Development, 01- Integrated Rural Development Programme, 001- Direction and Administration, 07-Setting up of Haats at District Headquarters (Plan)	1.05	0.00	1.05	100.00	Rural Development and Panchayats
5	2501-Special Programme for Rural Development,01- Integrated Rural Development Programme, 001- Direction and Administration, 09- Integrated Watershed Management Programme (Plan)	4.24	0.00	4.24	100.00	Rural Development and Panchayats
6	3604- Compensation and Assignment to Local Bodies and Panchayati Raj Institutions, 200-Other Miscellaneous Compensation and Assignments, 18- Grant on the Recommendation of Third Punjab Finance Commission to Panchayati Raj Institutions	369.98	0.00	369.98	100.00	Local Bodies and Panchayats
7	4515-Capital Outlay on Other Rural Development Programmes, 789- Special Component Plan for Scheduled Castes, 04-Grant for Strengthening of Infrastructural Work (Discretionary grant of Hon'ble CM) (Plan)	3.09	0.00	3.09	100.00	Rural Development and Panchayats
8	4515-Capital Outlay on Other Rural Development Programmes, 789- Special Component Plan for Scheduled Castes, 09-Backward Regions Grant Fund (Plan)	4.95	0.00	4.95	100.00	Rural Development and Panchayats

9	4515-Capital Outlay on Other Rural Development Programmes, 800-Other Expenditure, 12-Backward Regions Grant Fund (Plan)	11.55	0.00	11.55	100.00	Rural Development and Panchayats
10	2515- Other Rural Development Programme, 789- Special Component Plan for SC, 06- Mahatma Gandhi National Rural Employment Guarantee Scheme (Plan)	48.00	5.06	42.94	89.46	Rural Development and Panchayats
11	2515- Other Rural Development Programme, 800- Other expenditure, 29- Mahatma Gandhi National Rural Employment Guarantee Scheme (Plan)	12.00	1.26	10.74	89.50	Rural Development and Panchayats
12	2501- Special Programme for Rural Employment, 01- Integrated Rural Development Programme, 001- Direction and Administration, 04- Swarn Jayanti Gram SweRozgar Yojana (Plan)	1.60	0.03	1.57	98.13	Rural Development and Panchayats
13	4515- Capital Outlay on - Other Rural Development Programme, 789- Special Component Plan for SC, 11-Construction of Toilets in Villages (Plan)	54.00	2.78	51.22	94.85	Rural Development and Panchayats
14	4515- Capital Outlay on - Other Rural Development Programme, 789- Special Component Plan for SC, 08- Modernisation and improvement of SC villages having more than 50 per cent of population (Plan)	5.00	0.97	4.03	80.60	Rural Development and Panchayats
15	4515-Capital Outlay on Other Rural Development Programmes 800-Other Expenditure 14- Construction of Toilets in the villages (Plan)	79.00	44.05	34.95	44.24	Rural Development and Panchayats
16	4515-Capital Outlay on Other Rural Development Programmes 800-Other Expenditure 08- Contribution to Rural Development Funds out of Grant-in-aid Recommended by State Finance Commission PRIs (Plan)	74.43	44.07	30.36	40.79	Rural Development and Panchayats
17	4515-Capital Outlay on Rural Development Programmes 103- Rural Development 13-Grant for Strengthening of Infrastructure and Institutional Works	6.91	5.15	1.76	25.47	Rural Development and Panchayats
	Total	913.43	214.83	698.60	76.48	

Appendix 2.9

(Referred to in paragraph 2.3.1 (ii), page 43)

Statement showing unnecessary supplementary grant/re-appropriation under grant No. 22 & 23.

(₹ in crore)

Sr. No.	Sub-Head	Original Grant	Supplementary(S)/ Re-appropriation (R)	Total	Expenditure	Savings	Saving per cent
	Grant No. 22						
1	2029-Land Revenue, 103-Land Records, 04-National Land Records Modernisation Programme (CSS)	7.33	S 8.75	16.08	0.00	16.08	100.00
2	2245-Relief on account of natural calamities, 05-Calamity Relief Fund, 101-Transfer to Reserve Funds, 01- Transfer to Reserve Funds	186.36	R 36.56	222.92	111.46	111.46	50.00
	Grant No. 23						
3	4515- Capital Outlay on - Other Rural Development Programme, 800- Other expenditure, 15- Up-gradation of subsidiary Health centres of Zila Parishad (Plan)	0.00	S 10.00	10.00	0.00	10.00	100.00
4	4515-Capital Outlay on Other Rural Development Programmes, 103-Rural Development, 19-Grant Recommended by 13 th Finance Commission for Panchayati Raj Institution (Plan)	0.00	S 34.05	34.05	0.00	34.05	100.00
5	4515-Capital Outlay on Other Rural Development Programmes, 789- Special Component Plan for Scheduled Castes, 12-Grant Recommended by 13 th Finance Commission for Panchayati Raj Institutions (Plan)	0.00	S 15.33	15.33	0.00	15.33	100.00
6	3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions, 200- Other Miscellaneous Compensation and Assignments, 21- 18.4 % Share of State Tax as per Recommendation of 3 rd Punjab Finance Commission	0.00	S 53.96	53.96	0.00	53.96	100.00
7	2515-Other Rural Development Programmes, 800- Other Expenditure, 33-Grant-in-aid for conducting	0.00	S 2.83	2.83	0.00	2.83	100.00

	BPL Census for Identification of Rural Household Living Below the Poverty line (CSS)						
8	3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions, 200- Other Miscellaneous Compensation and Assignments, 09- Grant for Service Providers to Doctor in Rural Dispensaries	49.00	S 13.01	62.01	42.28	19.73	31.82
9	4515-Capital Outlay on Other Rural Development Programmes, 789- Special Component Plan for Scheduled Castes, 03- Provision of Matching Share for Providing Basic Infrastructure for Community Development in the Rural/Urban Areas through NRIs participation (Plan)	1.50	S 1.50	3.00	0.00	3.00	100.00
10	4515-Capital Outlay on Other Rural Development Programmes, 789- Special Component Plan for Scheduled Castes, 06- Contribution to Villages Development Fund out of Grant-in-aid recommended by State Finance Commission for Panchayati Raj Institutions (Plan)	0.00	S 40.08	40.08	0.09	39.99	99.78
11	4515-Capital Outlay on Other Rural Development Programmes, 789- Special Component Plan for Scheduled Castes, 10- Indira Awas Yojna	14.40	S 5.60	20.00	1.03	18.97	94.85
12	4515-Capital Outlay on Other Rural Development Programmes, 800-Other Expenditure 13- Indira Awas Yojna	3.60	S 1.40	5.00	0.12	4.88	97.60
13	4515-Capital Outlay on Other Rural Development Programmes, 789-Special Component Plan for Scheduled Castes, 05-Grant Recommended by 12th Finance Commission for Panchayati Raj Institutions (Plan)	0.00	S 11.34	11.34	0.00	11.34	100.00

Appendix 2.10
(Referred to in paragraph 2.3.1(iii), page 44)

Statement showing expenditure incurred without budget provision

(₹ in crore)

Sr. No.	Head of Account	Expenditure	Name of Deptt.
	Grant No. 2		
1	4059- Capital Outlay on Public Works, 01- Office Building, 051- Construction, 03- Computerisation of Land Records (Plan)	17.19	Revenue Deptt.
2	2235-Social Security and Welfare 60-Other Social Security and Welfare Programmes 200-Other Programmes 34-Survey on suicide by Farmers due to indebtedness	0.96	Relief and Resettlement
3	4059-Capital Outlay on Public Works 01- Office Building 051-Construction 02-Outlay recommended by the 10 th Finance Commission for Record Rooms	0.65	Revenue Deptt.
	Grant No. 3		
4	2515- Special Programme for Rural Development, 789- Special Component Plan for Scheduled Castes, 01- Setting up of Focal Point (Plan)	1.49	Rural Development and Panchayats
5	4515-Capital Outlay on Other Rural Development Programmes, 103- Rural Development, 08- Grants Recommended by the 11 th Finance Commission for Panchayati Raj Institutions	2.41	-do-
6	4515- Special Programme for Rural Development, 789- Special Component Plan for Scheduled Castes, 01- Rural Shelter (Gramin Awas) under PMGY	1.24	-do-
7	4515- Capital Outlay on Other Rural Development Programme, 789- Special Component Plan for SC, 01- Rural Shelter (Gramin Awas) under PMGY (Plan)	59.77	-do-
8.	4515- Capital Outlay on Other Rural Development Programme, 103- Rural Development, 01- Construction of new building for BDPO	36.06	-do-
9.	4515- Capital Outlay on Other Rural Development Programme, 800- Other Expenditure, 02- Grant for strengthening of Infrastructure and Institutions work	19.69	-do-
10.	2515-Other Rural Development Programme 789-Special Component Plan for Scheduled Castes 01-Setting up of Focal Point (Plan)	1.49	-do-
11.	2515-Other Rural Development Programmes 101-Panchayati Raj 01-Panchayati Raj Public Works Circle	0.54	-do-
12.	4515-Capital Outlay on Other Rural Development Programmes 103-Rural Development 08-Grants recommended by the 11 th Finance Commission for Panchayati Raj Institutions	2.14	-do-
	Total	₹	

Appendix 2.11
(Referred to in paragraph 2.3.1(iv), page 44)

Statement showing excess expenditure over budget provision

(₹ in crore)

Sr. No.	Head of account	Total Grant	Expenditure	Excess	CCO
Grant No. 22					
1	4059- Capital Outlay on Public Works, 01- Office Building, 051- Construction, 03- Computerisation of Land Records (Plan)	5.00	16.09	11.09	Financial Commissioner, Revenue
2	2030-Stamps and Registration 02-Stamps-Non-Judicial 102-Expenses on sale of Stamps 01-Expenses on sale of Stamps	15.50	16.45	0.95	-do-
3	2235-Social Security and Welfare 60-Other Social Security and Welfare Programmes 200-Other Programmes 08-Relief to Persons affected by riots	27.02	28.96	1.94	Secretary, Relief and Resettlement
Grant No. 23					
4	2501- Special Programme for Rural Employment, 01- Integrated Rural Development Programme, 789- Special Component Plan for SC, 01- Swarn Jayanti Gram Sme Rozgar Yojana (Plan)	2.40	4.87	2.47	Secretary, Rural Development and Panchayats
5	2501-Special Programmes for Rural Development 01- Integrated Rural Development Programme 789-Special Component Plan for Scheduled Castes 02- Setting up of Rural Hatts	0.60	0.97	0.37	-do-
6.	4515-Capital Outlay on Other Rural Development Programmes 103-Rural Development 14-Grant recommended by the 12th Finance Commission to Panchayati Raj Institutions (Plan)	21.06	22.68	1.62	-do-
7.	4515-Capital Outlay on Other Rural Development Programmes 102-Community Development 01-Provision of Matching Share for Providing Basic Infrastructure through NRI's Participation (Plan)	7.00	8.51	1.51	-do-
Total		78.58	98.53	19.95	

Appendix 2.12
(Referred to in paragraph 2.3.1(v), page 44)

Withdrawal of whole provision through re-appropriation

(₹ in crore)

Sr. No.	Minor head/Scheme	Total provision	Re-appropriation
1	2245-Relief on account of natural Calamities 02-Flood, Cyclones etc.102-Drinking Water Supply 01-Supply of Drinking Water	10.00	10.00
2	2245-Relief on account of natural Calamities 02-Flood, Cyclones etc 104-Supply of Fodder 01-Supply of fodder	10.00	10.00
3	2245-Relief on account of natural Calamities 02-Flood, Cyclones etc 112-Evacuation of Population 01-Evacuation of Population	6.30	6.30
4	2245-Relief on account of natural Calamities 02-Flood, Cyclones etc 119-Assistance to Artisans for repairs/replacement of damaged tools and equipments 01- Assistance to Artisans for repairs/replacement of damaged tools and equipments	6.00	6.00
5	2245-Relief on account of Natural Calamities 01-Draught 104-Supply of Fodder 01-Supply of Fodder	5.00	5.00
6	2029-Land Revenue 103-Land Records 04-National Land Records Modernization Programme (Plan)	0.50	0.50
7	4059-Capital Outlay on Public Works 01-Office Buildings 051-Construction 09-Implementation of National Disaster Management Act, 2005 (Plan)	0.50	0.50

Appendix 3.1
(Referred to in paragraph 3.1.1, page 47)

Outstanding utilisation certificates as on 31 March 2011

(₹ in lakh)

Sr. No.	Department	Year of payment of grant	Total grants paid		Utilization Certificates			
			Number of UCs	Amount	Received		Outstanding	
					Number of UCs	Amount	Number of UCs	Amount
1	2	3	4	5	6	7	8	9
1	Rural Development and Panchayat	2001-02	1	2871.50	0	2565.50	1	306.00
		2006-07	27	9256.83	24	2330.25	3	6926.58
		2009-10	10	3406.28	7	66.15	3	3340.13
		2010-11	3	6675.50	0	0	3	6675.50
2	Education	2007-08	4	1469.86	0	0	4	1469.86
		2008-09	154	9765.60	149	9146.37	5	619.23
		2009-10	146	8634.40	101	7270.89	45	1363.51
		2010-11	102	14099.40	9	7241.86	93	6857.54
3	Social Security and Development of Women and Children	2006-07	2	141.39	0	0	2	141.39
4	Health and Family Welfare	2010-11	1	1.19	0	0	1	1.19
5	Animal Husbandry	2009-10	1	5.00	0	0	1	5.00
6	Sports and Youth Services	2010-11	1	91.74	0	0.00	1	91.74
7	Fisheries	2010-11	2	263.00	0	0.00	2	263.00
8	Public Relation	2010-11	2	191.00	0	0.00	2	191.00
9	Science & Technology	2010-11	8	133.06	0	0.00	8	133.06
Total			464	57005.75	290	28621.02	174	28384.73

Appendix 3.2
(Referred to in paragraph 3.1.2, page 48)

Details of incorrect UCs submitted by Department of Welfare of Scheduled Castes and Backward Classes without obtaining the same from the concerned field units

(₹ in crore)

Sr. No.	Name of the scheme	Grants released by GoI	UCs submitted to GoI	UCs awaited from field units	
				No of UCs	Amount
1.	Post Matric Scholarship for students belonging to minority communities	10.81	10.81	20	10.46
2.	Merit-cum-means based scholarship belonging to minority communities	5.14	5.14	20	4.78
3.	Pre-matric Scholarship for students belonging to minority communities (75:25 centre/State sharing)	15.10	15.10	20	14.42
4.	Implementation of Protection of Civil Rights Act 1955 and the Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act, 1989	1.17	1.17	20	1.00
	Total	32.22	32.22	80	30.66

Appendix 3.3
(Referred to in paragraph 3.3, page 49)

Status of the Accounts and the Separate Audit Reports (SAR) of the autonomous bodies as on 31 March 2011

(₹ in lakh)

Sr. No.	Name of Body	Period of entrustment	Years for which accounts not rendered (Grant released)	Delay in submission of accounts			Period upto which SARs issued and date of issue		Position of placement of SARs in the Legislature
				Delayed Account	Date of Receipt	Delay (in Months)	Year	Date of issue	
1	2	3	4	5	6	7	8	9	10
1	Punjab Legal Service Authority Chandigarh	As per Act	2009-10 (92.00)	-	-	-	2006-07 2007-08 2008-09	15.05.2008 02.09.2009 15.12.2009	SAR for 2006-07, 2007-08 and 2008-09 not presented
2	Punjab Khadi & Village Ind. Board, Chandigarh	2008-2012	2009-10 (338.80)	2007-08 2008-09	25.5.2010 01.7.2010	23 12	2004-05 2005-06 2006-07 2007-08 2008-09	18.02.2010 17.03.2010 20.04.2010 22.09.2010 03.11.2010	SAR for 2004-05 placed on 26.03.2011, 2005-06 and 2006-07 placed on 29.09.2010, 2007-08 placed on 10.03.2011. SAR for 2008-09 not presented
3	Punjab State Human Right Commission Chandigarh.	As per Act	2009-10 (495.00)	2004-05 2005-06 2006-07 2007-08 2008-09	20.8.10 -do- -do- -do- -do-	61 49 37 25 13	1999-2000 2000-01 2001-02 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09	24.2.2009 15.05.2009 28.07.2009 24.02.2010 09.03.2010 11.11.2010 18.11.2010 24.11.2010 10.01.2011 24.01.2011	SAR for 1999-2000, 2000-01, 2002-03 and 2003-04 placed on 08.3.2011. SAR for 2001-02 and 2004-05 to 2008-09 not presented.
4	Punjab Labour Welfare Board Chandigarh	2000-01 to 2009-10	2002-03 to 2009-10 (268.20 ¹)	-	-	-	2000-01 2001-02	26.11.2009 24.02.2010	SAR for 2000-01 and 2001-02 not presented
5	Pushpa Gujral Science City Kapurthala	2009-10	2009-10 (Nil)	2008-09	28.6.10	11	2008-09	26.08.2010	Not to be placed in State Legislature

Note - Delay in submission of Accounts is to be worked out from 30th June of respective Balance Sheet Year.

Reasons for delay: Not intimated

¹ 2002-03: ₹ 56.20 lakh; 2003-04: ₹ 16.00 lakh; 2004-05: ₹ 16.00 lakh; 2005-06: ₹ 16.00 lakh; 2006-07: ₹ 116.00 lakh; 2007-08: ₹ 16.00 lakh; 2008-09: ₹ 16.00 lakh and 2009-10: ₹ 16.00 lakh.

Appendix 3.4
(Referred to in paragraph 3.5, page 50)

Statement showing delayed release of funds to PRIs/ULBs

S. No.	Scheme	Amount (' in crore)	Date of Credit to State Account	Date of release from Finance Department	Date of release from Planning Department	Due date	Date of release to PRIs/ULBs	Delay, if any (No. of days above 15 days)	Interest to be paid due to delay in release above 15 days (₹ in lakh)
1	12th Finance Commission	17.10	27.01.10	2171 / 16.06.10		10.02.10	29.07.10	168	47.22
2	12th Finance Commission	32.40	16.03.10	1245/ 04.06.10	6958/ 06.07.10	30.03.10	29.09.10	182	96.93
3	13th Finance Commission	52.38	15.07.10	787/ 28.07.10	7783/ 09.08.10	29.07.10	06.01.11 (₹15.71 crore)	160	41.32
							29.03.11 (₹36.67 crore)	242	145.88
4	13th Finance Commission	29.24	15.07.10	28.07.10		29.07.10	07.08.10	8	3.85
5	BRGF	14.08	06.10.09	2855/ 6.11.09	10038/ 13.11.09	20.10.09	17.12.09	57	13.19
6	BRGF	1.00	18.12.09	337/ 10.02.10	1414/ 17.02.10	01.01.10	14.06.10	163	2.68
7	BRGF	1.57	07.05.10	2427/ 23.11.10	9915/ 19.10.10	21.05.10	24.01.11	247	6.37
8	BRGF	10.25	03.08.10	1970/ 09.09.10	8228/ 25.08.10	17.08.10	27.12.10	131	22.07
		158.02							379.52

Say ₹ 3.80 crore

12th	13th	BRGF	TOTAL
49.50	81.62	26.90	158.02

Appendix 3.5
(Referred to in paragraph 3.6, page 51)

Statement showing age-wise profile of cases of misappropriation, theft and losses etc.

(₹ in lakh)

Age profile of the pending cases			Nature of pending cases		
Range in years	Number of cases	Amount	Nature of cases	Number of cases	Amount
1-5	41	97.13	Theft	5	10.81
			Misappropriation/Loss of material etc.	36	86.32
5-10	18	3.18	Theft	-	-
			Misappropriation/Loss of material etc.	18	3.18
10-15	1	10.00	Theft	-	-
			Misappropriation/Loss of material etc.	1	10.00
15-20	4	0.67	Theft	2	0.07
			Misappropriation/Loss of material etc.	2	0.60
20-25	2	7.29	Theft	-	-
			Misappropriation/Loss of material etc.	2	7.29
25 and above	2	4.51	Theft	-	-
			Misappropriation/Loss of material etc.	2	4.51
Total	68	122.78	Theft	7	10.88
			Misappropriation/Loss of material etc.	61	111.90

Appendix 3.6

(Referred to in paragraph 3.8, page 53)

Statement of the expenditure and receipts booked under Minor Head-800- Other Expenditure/Receipts

(₹ in crore)

Sr. No.	Major Head of Account	Expenditure/ receipts booked under Minor Head-800- Other Expenditure/ Receipts	Total Expenditure/ receipts under Major Head	Per centage
EXPENDITURE				
1	2013-Council of Ministers	25.51	32.21	79.20
2	2215-Water Supply & Sanitation	160.08	299.91	53.38
3	2701-Medium Irrigation	60.65	60.58	100.12
4	2801-Power	3375.55	3375.55	100.00
5	2852-Industries	60.00	61.00	98.36
6	3053-Civil Aviation	16.82	18.67	90.09
7	3435-Ecology & Environment	0.61	0.61	100.00
8	3454-Census, Survey & Statistics	47.72	63.39	75.28
9	4055-Capital outlay on Police	34.16	59.21	57.69
10	4217-Capital outlay on Urban Development	160.40	165.57	96.88
11	4250-Capital outlay on Other Social services	19.28	19.28	100.00
12	4515-Capital outlay on Rural Development	156.80	303.89	51.60
13	4700-Capital outlay on Major Irrigation	99.99	102.01	98.02
14	4701-Capital outlay on Medium Irrigation	115.27	149.32	77.20
15	4705-Capital outlay on Command Area Development	201.09	201.09	100.00
16	4851-Capital outlay on Village & Small Industries	25.00	25.01	99.96
17	5054-Capital outlay Road & Bridges	392.78	566.96	69.28
18	4070- Capital outlay on Other Administrative Services	7.23	8.95	80.78
19	4702- Capital outlay on Minor Irrigation	37.05	37.33	99.25
20	5452 Capital outlay on Tourism	12.60	12.60	100.00
TOTAL		5008.59	5563.14	90.03
RECEIPTS				
1	0029-Land Revenue	18.34	19.24	95.32
2	0059-Public Works	12.32	21.30	57.84
3	0217-Urban Development	74.37	74.60	99.69
4	0401-Crop Husbandry	24.22	29.83	81.19
5	0435-Other Agricultural Programmes	45.37	45.96	98.72
6	0515-Other Rural Development Programmes	38.72	39.10	99.03
7	0700-Major Irrigation	21.60	27.14	79.59
8	1054-Roads and Bridges	2.77	2.77	100.00
9	1475-Other General Economic Services	16.35	26.18	62.45
TOTAL		254.06	286.12	88.79

Appendix 3.7
(Referred to in paragraph 3.9, page 53)

Statement showing the detail of revenue receipt not deposited in Consolidated Fund of the State

(₹ in crore)

Sr.No	Name of Fund	Name of Board	Name of Act	Fee	Amount
1	Punjab Infrastructure Development Board	Punjab Infrastructure Development Board (PIDB)	PIDB Act 2002	Development fee levied on sale or purchase of all agriculture produce except fruit, vegetable pulses and on petrol/diesel not exceeding 6 percent of the value of goods.	2016.32
2	Punjab Municipal Fund	Punjab Municipal Fund (PMF)	PMF Act 2006	10 percent of the amount of VAT collected by Excise and Taxation Department.	2903.34
3	Punjab Rural Development Board	Punjab Rural Development Board (PRDB)	Punjab Rural Development Act, 1987	Two percent fee levied advalorem basis on the agriculture produce brought or sold in the notified market area.	2606.42
4	Punjab Education Development Board	Punjab Education Development Board (PEDB)	Punjab Education Development Act, 1998	A cess not exceeding 10 rupees per proof liter on the sale of Punjab Medium Liquor, Indian made foreign liquor and Beer in the state.	63.93
5	Punjab Livestock Development Board	Punjab Livestock Development Board (PLDB)	Registered society through notification of Punjab Government	GIA from GOI, State Government or any other agency meant for Live Stock Development in Punjab will come Directly to the Board	23.28
6	Punjab State Development and Welfare Fund	Punjab State Development and Welfare Fund (PSDWF)	The Punjab State Development and Welfare Fund, 2008	Five percent of amount realized from bidders by way of auction of sale of all immovable properties after 1 st April 2007	53.84
Total					7667.13

Appendix 4.1

Glossary of terms used in the Report

Terms	Definition
Appropriation Accounts	Appropriation Accounts present the total amount of funds (original and supplementary) authorized by the Legislative Assembly in the budget grants under each voted grant and charged appropriation <i>vis-a-vis</i> the actual expenditure incurred against each and the unspent provision or excess under each grant or appropriation. Any expenditure in excess of the grants requires regularization by the Legislature.
Autonomous bodies	Autonomous bodies (usually registered societies or statutory corporations) are set up whenever it is felt that certain functions need to be discharged outside the governmental set up with some amount of independence and flexibility without day-to-day interference of the Governmental machinery.
Average interest paid by the State	$\text{Interest payment} / [(\text{Amount of previous year's fiscal liabilities} + \text{current year's fiscal liabilities}) / 2] \times 100$
Balance from current revenue (BCR)	Revenue receipts minus all plan grants and non-plan revenue expenditure excluding expenditure recorded under the major head 2048–Appropriation for reduction of avoidance of debt
Buoyancy of a parameter	Rate of growth of the parameter/GSDP growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of growth of parameter (X)/Rate of growth of parameter (Y)
Committed expenditure	The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies on which the executive has limited control.
Consolidated fund of the State (CFS)	The fund constituted under Article 266 (1) of the Constitution of India, into which all receipts, revenue and loans flow. All expenditure from the CFS is by appropriation: voted or charged. It consists of two main divisions namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Public Debt and Loans etc.).
Contingency fund	Legislative Assembly has by law established a contingency fund in the nature of an imprest into which such sums as may be determined by such law are paid from time to time and the said fund is placed at the disposal of the Governor to enable advances to be made by him out of it for the purpose of meeting unforeseen expenditure pending authorization of such expenditure by Legislative Assembly by law under Article 115 or Article 116 of the Constitution of India.
Contingent liability	Contingent liabilities may or may not be incurred by an entity depending on the outcome of a future event such as a court case.

Core public and merit goods	Core public goods are goods and services which all citizens enjoy in common in the sense that each individual's consumption of such a goods leads to no subtractions from any other individual's consumption of that goods, e.g. enforcement of law and order, security and protection of our rights; pollution free air and other environmental goods and road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidized rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidized food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation.
Debt stabilization	A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the Debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate- interest rate) and quantum spread (debt x rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, Debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, Debt-GSDP ratio would be rising and in case it is positive, Debt-GSDP ratio would eventually be falling.
Debt sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant Debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
Fiscal deficit	Revenue expenditure + Capital expenditure + Net loans and advances-Revenue receipts-Miscellaneous Capital receipts.
Fiscal liabilities	Internal debt (market loans, loans from NSSF and loans from other financial institutions), loans and advances from GOI, the liabilities arising from the transactions in the Public Account of the State.
Interest received as <i>per cent</i> to loans outstanding	Interest received [(opening balance + closing balance of loans and advances)2]x100
Interest spread	GSDP growth rate-average interest rate.
Internal debt	Internal debt comprises of regular loans from the public in India, also termed 'Debt raised in India' and credited to the consolidated fund.
Net availability of borrowed funds	Ratio of the debt redemption (Principal+Interest payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.
Primary deficit	Fiscal deficit-interest payments
Primary expenditure	Primary expenditure of the State defined as the total expenditure net of the interest payments. It indicates the expenditure incurred on the transactions undertaken during the year.
Public Accounts committee	A committee constituted by the Legislative Assembly for the examination of the reports of the Comptroller and Auditor General of India, the appropriation accounts of the State, the annual finance accounts of the State or such other reports/accounts or financial matters as are laid before it or which the committee deems necessary to scrutinize.

Quantum spread	Debt stock x Interest spread
Rate of growth (ROG)	$[(\text{Current year amount} / \text{Previous year amount}) - 1] \times 100$
Re-appropriation	The transfer of funds from one primary unit of appropriation to another such unit.
Revenue deficit	Revenue receipt – Revenue expenditure
Sinking fund	A fund for which the government sets aside money over time, in order to retire its debt.
State implementing agency	Any organization/institution including non-governmental organization which is authorized by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g. State implementation society for Sarva Siksha Abhiyan and State Health Mission for National Rural Health Mission, etc.
Sufficiency of non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
Supplementary grants	If the amount authorized by any law made in accordance with the provisions of Article 114 of the Constitution of India to be expended for a particular service for the current financial year is found to be insufficient for the purpose or when a need has arisen during the current financial year for additional expenditure upon some 'new service' not contemplated in the original budget for that year, Government is to obtain supplementary grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution of India.
Surrenders of unspent provision	Departments of the State Government are to surrender to the Finance Department, before the close of the financial year, all the anticipated unspent provisions noticed in the grants or appropriations controlled by them. The Finance Department is to communicate the acceptance of such surrenders, as are accepted by them to the Audit Officer and/or the Accounts Officer, as the case may be, before the close of the financial year.
Suspense and Miscellaneous	Items of receipts and payments which cannot at once be taken to a final head of receipt or charge owing to lack of information as to their nature or for any other reasons, may be held temporarily under the major head "8658-Suspense Account" in the sector "L-Suspense and Miscellaneous" of the Accounts. A service receipt of which full particulars are not given must not be taken to the head "Suspense Account" but should be credited to the minor head "Other Receipt" under the revenue major head to which it appears to belong pending eventual transfer to the credit of the correct head on receipt of detailed particulars. (Footnotes under the major head in the list of major/minor heads of account may be referred to for further guidance).